

Revolutionary Perspectives

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Nationalism Against the Working Class

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Anniversary of the Death of Onorato Damen

Anti-Zionism, Anti-Semitism and Revisionism

The Power of Yes by David Hare

The Fall in the Average Rate of Profit

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Communication Workers' Union Sabotages Postal Workers' Struggle

Déjà vu

On the night of 4-5 November the leadership of the Communications Workers Union (CWU) carried out their own plot to blow up the workers' resistance to the one of the most aggressive managements in Britain. The postal strikes were called off in the early evening of 4 November but the actual agreement with the Royal Mail management was not signed until after 1.00 a.m. on 5 November. Now they have agreed to suspend all strike action until January thus throwing away the most powerful card the postal workers possess. The union leaders were well aware of this. On 22 October the Financial Times reported

Parallels have been drawn with the year-long unsuccessful strike by coal miners in 1984-85. Billy Hayes, general secretary of the Communication Workers Union - which represents almost 90 per cent of Royal Mail's 141,000 postal workers - says his members are in a stronger position. Whereas the miners' strike began in spring, when electricity demand was low and coal stocks high, these come in the peak period for pre-Christmas mail. The CWU's action is also supported by a 76 per cent majority of those voting in a ballot, which the miners never held.

In short, the union had signed away the main weapon of the workers on an empty promise. This capitulation came as no surprise to revolutionaries, nor to most postal workers who have seen it all before. In 1996 the postal workers voted 3 to 1 for an all-out strike in defence of the service (the second delivery) and a shorter working week. This was converted into a series of one day strikes by the CWU. The postal workers accepted this as they thought that this would be just as effective in giving grief to the management but the CWU leadership issued so many exemptions from strike action that it was totally ineffective. The CWU (formed in 1995) was then headed by Alan Johnson who persuaded the NEC of the union to call off the one day strikes without any of them having seen the agreement he had supposedly signed with the management. When it was clear that there was no agreement the strikes resumed and despite lots of unofficial action the union leadership were still able to keep control of the movement via one day strikes (without even telling some workers who was on strike and who was not). It was a recipe for demoralisation – exactly as the union leadership wanted. It ushered in a new period of macho management in the post office. Within a few months Johnson was selected as a Labour MP and despite (or perhaps because of) once declaring his allegiance to the Communist Party of Great Britain (i.e. the pro-Moscow Stalinists) soon became a Blairite minister in the new Labour

Government after 1997.

But the story was essentially repeated in 2007. On 16 October the new, supposedly “left”, leadership of Billy Hayes and Dave Ward also called off planned strike action without waiting for their own executive to see the deal. The rank and file workers in various places (London, Liverpool and Scotland) tried to continue with unofficial actions but the manoeuvres of the CWU had weakened resistance. A new ballot on the “Pay and Modernisation” deal in November led to 64% accepting it despite the fact that it conceded horrendous working practices (such as giving management the right to decide on the length of a shift) and was accompanied by a below inflation pay rise (i.e. pay cut) over two years. Since it was signed 63,000 postal jobs have been cut and Royal Mail have had a green light to attack the workforce all the harder. And it is these attacks which are behind the current episode of class war.

Unions Against the Working Class

Given the above history it is no mystery many postal workers are not surprised at yet another piece of sabotage by the CWU. However as Royal Mail has a high turnover of staff, especially in the London area, quite a few have not had direct experience of the union's antics before. On <http://www.royalmailchat.co.uk/> you can read that whilst many are talking about not paying their dues to the CWU there are just as many who are stunned by what they see as a union “betrayal”. But this is not about betrayal. It is about how unions function under modern capitalism.

Many unions started as struggle organisations in the nineteenth century. Their members paid dues directly into a pool which was held for hardship funds in the course of a strike. Usually these funds were wiped out by any extended fight and there was a tendency for every other union to have a sense of solidarity with those on strike. There wasn't a capitalist press owned by a few press barons which was widely read by the working class. There was no union bureaucracy (which had to have a pension fund which was then taken from the dues) nor were there General Secretaries on a six figure salary paid out of members dues. As modern capitalism has developed it has become more and more centralised to the point where monopolies and state capitalist industries dominate economic life. The unions increasingly became integrated into this regulated capitalism and acted increasingly to negotiate wages and conditions more as capitalist arbitrators than as defenders of the working class. The unions – in league with the Social Democratic and Labour Parties – became

increasingly satisfied with the system as long as it allowed them a say in its functioning. They did not question the capitalist mode of production – they sought only to regulate it.

In the years immediately preceding the First World War the class struggle grew more and more conscious and revolutionary. The unions and their Social Democratic and Labour Parties came under strain from revolutionaries who wanted to fight for socialism. The international capitalist class, impelled by both the contradictions of capitalism, and by their fear of the working masses, launched into the adventure of imperialist war in 1914. It was the defining moment of the century for social democratic organisations and the unions. The choice was stark: Oppose capitalism and its war, or side with the system and pass over to the other side of the class barricades. They took the latter course almost everywhere. Henceforward it was the labour movement in every country which worked to ensure that capitalism would make enough concessions to halt the revolutionary impulses of the workers and in return they would act as policemen for the capitalist class in the workplace.

Since the First World War the unions have acted to ensure that even the most significant and conscious struggles would end in accepting the legitimacy of the capitalist order (as in the 1926 General Strike). Many on the so-called left (especially the followers of Trotsky) have argued that the failings of the unions are only about “a question of leadership”. Perhaps this was believable to start with but since every revolutionary or left leader who was elected to high union office has ended up acting as their predecessors (often then transferring to their ultimate reward in the House of Lords) it is patently not true. The CWU in the current dispute is no exception. Billy Hayes was elected as the left alternative to John Keggie, Johnson's chosen successor, because Johnson was seen to have betrayed the postal workers in 1996. Today it is Hayes and Ward who have already negotiated away 63,000 jobs and have constantly assured the press that they will agree to some more going. The National Executive Committee of the CWU which contains members of the SWP and the Socialist (ex Militant) Party voted unanimously to call off the strikes. The problem is thus not just about personalities but about the role and function of the unions which operate for the benefit of UK Capital plc and not their members. The CWU leadership is not fighting for the workers but for their place in the capitalist order. They have repeatedly stated that they are prepared to cut jobs in the name of modernisation (and have already delivered thousands of

Class Struggle

cuts). They want to be recognised as part of the management and postal workers are sacrificing wages as pawns in their game if they call off the strikes now.

Roots of the Current Crisis

The CWU (a communications workers union which does not communicate with its own members who learned the strike was called off first from the media) has, like all unions tried to keep to the story that this is a simple trades dispute. But this is untrue. This struggle in Royal Mail is a struggle for us all. It is not just about the working conditions of postal workers. It is also potentially about the way in which society is run. The Royal Mail workers stand for maintaining a service whilst the Royal Mail management stand for nothing but profit. And behind it all lies the UK state and the Labour Government.

And it is a system and a state in crisis. For years Royal Mail provided a decent, some would say world-class, service and it made a profit. But after the post-war boom ended this profit was not invested in the modernisation of Royal Mail. Instead the state forced it to cover its own growing debts. As the same article already quoted from the Financial Times about Royal Mail stated

Short-sighted politicians in both main UK parties, as well as industrial strife, have played their part in holding it back. In the past the Treasury siphoned off profits: over 23 years until the late 1990s Royal Mail was forced to invest nearly £2.5bn in government securities while the postal service was starved of new equipment. It is now estimated to be 40 per cent less efficient than European counterparts.

At the same time these “short-sighted politicians” also allowed Royal Mail a “pensions holiday”. In other words the Royal Mail did not make any contributions for nearly two decades into the workers’ pension funds. Today there is a massive deficit of nearly £10 billion. Having created this monster crisis for themselves the “short-sighted” politicians then brought in the current management headed by Adam Crozier in order to force home “modernisation”. The idea was to shrink Royal Mail in order to privatise it. This was defeated partially through the resistance of the workforce (acting outside of the CWU) and because the Government had no idea what to do about the pension fund deficit.

The Postal Workers’ Fight is our Fight

Many postal workers thought that working for a nationalised industry meant that they were actually providing a service and this is why they chose the job. But one other lesson that has been bitterly learned here is that nationalisation is not the same as the running of industry by the working class. Whether the owner of the Royal Mail is private or



the state under capitalist conditions it still exploits the labour of the workers to provide profits for the firm whoever owns it. Under a society where the whole of production is based on human need and not capitalist profits services will be socialised and run for the benefit of the whole of society. This will mean that there will be more workers, but fewer hours and better conditions. When real unemployment stands at millions this will not only take people off the scrap heap but also mean that work itself does not become the alienating drudgery that it is today under capitalist conditions. This is the direction the postal workers’ struggle is pointing us towards even if it will be some time before everyone recognises it.

In the meantime the current struggle is not over. The Royal Mail thinks it has bought peace until after Christmas when it can resume its cutting programme. The daily provocations of the Royal Mail management, with their cameras spying on workers, are unlikely to stop (unless they suddenly get a lot smarter than hitherto). The latest onslaught on the workforce is all the more fierce as it is a consequence of the collapse of the speculative bubble. This has seen a huge drop in business mail and thus squeezed Royal Mail revenues still further. The management, like managements everywhere is trying to solve the crisis on the backs of the workers.

Workers have to resist and carry on the fight but this cannot be done under the CWU banner. Instead of letting the CWU undermine the struggle they need to unite with each other (setting up better communications between depots would be a start) and they need to form committees and hold mass meetings to get more and more involved in the actual resistance. Today no sector of workers can win in isolation but there are plenty of others who are being hammered and who have no alternative but to fight. This struggle needs to link up with other workers such as at BA, the firemen, the binmen in Leeds, Sheffield and Brighton, workers in further education (who have already shared picket lines with firemen) and make the issue one of defence of everyone’s

jobs. And if the capitalists say that their system cannot support these essential jobs it is time to tell capitalism to move over and give way for a social system that values people before profits. This is of course a political demand but a capitalism in crisis offers us no other choice, nor any real future. For a society which makes technology work for us and not for profit we have to support the postal workers. At the same time we also point to the ultimate goal of the working class – emancipation from wage slavery. This cannot be won by one group, or even in one country, which is why we are openly committed to the creation of an international party to unite and lead the struggle for a sane society.

AD

Nationalism against the Working Class

The Rise of the BNP

The British National Party (BNP) is on the rise. The fact that it could muster a million votes in recent Euro elections, that it has returned two Euro MPs, and that its leader Nick Griffin has appeared on BBC's Question Time proves this. At the same time racially aggravated incidents are rising. Equally obvious is that this is no coincidence. It is a result of the naked crisis of global capitalism, most obviously felt here in the UK and elsewhere in terms of massive unemployment, but also in terms of threats to every aspect of workers' conditions.

This support for the BNP — albeit limited — is symptomatic of a wider problem; the disorientation of the working class in the face of a capitalist crisis. This has rendered obsolete previous forms of working class resistance which do not challenge the capitalist framework itself. In other words we are left only with a revolutionary struggle against the system itself. However that means we have to recognise the problem for what it is.

The Crisis of Global Capitalism

As we have explained many times before, capitalism had managed to mitigate the effects of its long running crisis since the 1970s. This capitalist crisis is rooted in the tendency for profit rates to decline as capitalists, in competition with each other, vastly increase the productivity of the labour force by introducing technological innovations. The end result is that the ratio of capital invested in non-profitable components, such as machinery, plant, raw materials increasingly outweighs that invested in the only profitable (i.e. exploitable) commodity which is labour power. However, despite all the restructuring of the last two decades, the fact of capitalism's crisis leaves the bosses no choice but to attack the working class. This is now leading to a resurgence in working class resistance.

Thus as many of capitalism's professional apologists concede, the rise of the BNP, however misguided, however impotent, does represent a rejection of a status quo which offers nothing but a worsening prospect for the majority. The fact is capitalist globalisation, the restructuring of the productive forces without regard to national boundaries has greatly undermined the capacity of old forms of working class resistance based on trade and national organisation to defend conditions in the face of multi-national corporations which can simply transfer production to wherever conditions are right for profiteering. Under the current Labour Government, according to Tory Ken Clarke, one third of manufacturing jobs have been lost in the UK. And if we add on the number lost

when he was in the Cabinet then it doubles! Workers, who once looked to the Labour Party and the unions (organisations which long since became part of the capitalist system) to look after their interests, have been slowly shedding their illusions for years. They are now increasingly disoriented in the modern world of imperialist war, crisis and globalised capitalism. However such limited consciousness of the harsh reality of unfolding capitalist crisis does not immediately mean that the working class to any great extent has become conscious of its historical antagonism to the entire capitalist edifice. Most importantly, it remains deprived of its essential political guide, its revolutionary party. As such the working class remains vulnerable to all manner of political derailments, and this includes the limited but significant minority who swallow the ridiculous fantasies of racists and fascists. It also includes many others who in opposition to such overtly reactionary gangs still remain tied to the "respectable" parties and trade unions who claim to oppose them. They are encouraged in this by all manner of Trotskyist and Stalinist outfits to support anti-fascist campaigns which translate into support for capitalist politics. They offer no means to resolve the alienation, anger and resentment of the victims of capitalism into which the BNP has been able to tap.

They are All the Same

However, the BNP offers no solution to those whose problems are all too real and cannot be resolved within the framework of capitalist society. The fact is that working class conditions must worsen under a crisis-ridden capitalism. The bitter result of the capitalists drive to maintain profitability is inevitably the greater exploitation of those in work and the exclusion of more and more from work. Profitability is an absolute requirement of capitalist production. Exploitation of cheaper and cheaper labour cannot be eliminated as long as capitalism remains. There is validity in the argument that immigration under capitalism has an eroding effect on wages, that economic liberalisation allowing the free movement of capital on the world stage means endless downward pressure on the share received by the working class. Capitalism can only increase exploitation or allow the decline in profit rates to materialise, and that ultimately means bankruptcy. The BNP is peddling an illusion, some sort of cosy national arrangement for White Christians, as if a capitalism in which only White Christian bosses exploited White Christian workers would be in White Christian workers' interests. The fact is all courses of action under capitalism are negative for the working class; open or close borders, as long as capitalism remains there is no perspective but greater exploitation of the labour force.

It is this truth which defines our political tendency. To put it bluntly, the bastards are all the same. This was underlined by the notorious Question Time where Griffin was invited to be on the panel. Supposedly the panellists gave him a hard time but it was clear that in their comments on immigration that they were all competing on the BNP agenda. All of capitalism's political expressions from the left to the right are expressions of outrageous extremism. They are the vehicles of ideologies which only offer a human holocaust beyond any previously experienced. In fact the holocaust is already here, in the shape of vast new hordes of poor and hungry around the planet. That is the harvest of capitalism's inescapable crisis mechanism. The BNP are only a variant of the nationalism with which every capitalist state seeks to indoctrinate the exploited. Between the mythology of "God Save the Queen" to being;

committed to stemming and reversing the tide of non-white immigration and to restoring, by legal changes, negotiation and consent the overwhelmingly white makeup of the British population that existed in Britain prior to 1948;

there is no great difference. The BNP are disgusting but so are all the other expressions of capitalist ideology, whatever fleeces the wolves may choose to wear: "Workers of the World, Unite" is the defining slogan of the proletarian perspective and all of capitalism's ideologies are equally reactionary, equally opposed to it.

Thus both the poisonous racism which seeks to undermine class unity and inculcate nationalist ideology, as well as the anti-fascist unity which seeks to tie workers to the equally poisonous ideology of capitalist democracy, are traps for the working class. We have nothing to gain from either perspective. Marxism does not recognise capitalist democracy as anything but an illusion propagated to hide the nature of every capitalist regime — as a class dictatorships against the working class. Revolutionary Marxism regards capitalism's entire political spectrum as equally monstrous, all capable of the utmost barbarism. There is only one political alternative and it is precisely that of Internationalist Communism. All other political expressions pave the road to imperialist hell, are equally inhuman, equally "politically incorrect", equally reactionary. The only option of benefit to the working class majority is the construction of the revolutionary party for the abolition of capitalism. Socialism or barbarism — there is no third road.

Ant

The Berlin Wall

Still Building Propaganda

The fall of the Berlin Wall twenty years ago heralded a new era, a Golden Age of capitalism. Communism was dead, the Cold War was over and years of peace and prosperity lay ahead. At least that's what workers were told at the time. When Gorbachev embarked on the road of Perestroika and Glasnost in the '80's, little did he realize where it would end. The collapse of the Russian bloc was unprecedented; never before had an imperialist power simply imploded. The global economic crisis which took hold in the seventies had hit the Russian bloc particularly hard, and unlike the West, the rigid economies of the East had no creative tricks up their collective sleeves. When the crisis hit, Russia tried to export the worst effects to its satellite states, but nothing worked. The shortage of basic goods was the most serious since the Second World War, and rising inflation, growing unemployment and an ever dropping standard of living led the Russian state to try to open up in a controlled way to a free market, but instead of being able to control the changes it collapsed under their weight.

Building the Wall

The Wall itself had been a product of the weakness of the East German economy. By the time it was built in 1961, some three million East Germans had already escaped to the West. In the months before the Wall went up, they were leaving in their thousands each week. It was impossible to keep the economy going with this level of defection. Schools would find teachers missing, hospitals worked suddenly without doctors, factories without workers. Apart from the bruising image such defections left, on a practical level losing this many people proved a headache for the East German state. The borders between East and West Germany had already been closed, leaving Berlin as the only escape route. So they built a wall, starting in the middle of the night in August 1961. It is estimated that during the course of its existence, some 5,000 people successfully escaped to the West, but the estimated numbers of those who died trying range from 136 to 200.

Hiding the Truth

At the time of its collapse politicians

publicly made the most of the death of the old enemy and queued up to support the new era of freedom. Behind the scenes though, things weren't always as enthusiastic. Thatcher had met with Gorbachev to try and persuade him not to let the Wall fall. She and Mitterrand feared a united Germany, and when Jacques Attali, personal adviser to Mitterrand, met a senior Gorbachev aide in Kiev he reported that Moscow's refusal to intervene in East Germany had 'puzzled the French leadership' and led to 'a fear approaching panic'. Five months after the Wall came down Mr Attali said the spectre of reunification was causing nightmares among France's politicians and he told Mitterrand he would 'fly off to live on Mars' if it happened. As far as we know he hasn't actually managed to do so.

However the bourgeoisie's fears of what the new world order might bring were partly justified. The era of peace the Wall's destruction was meant to herald was extremely short lived. Just as nature abhors a vacuum, so too does imperialism, and a year later we had the first Gulf War and two years after that a barbaric bloodbath as the former Yugoslavia tore itself apart with a little help from the big powers jostling for supremacy. The era of democratic freedom in Russia was also short lived; the rise of the oligarch billionaires (who made their fortunes plundering natural resources and cashing in on the international finance markets) quickly led to growing inequality, increasing poverty and violence as the consolidation of this new gangster class (albeit containing some of the old gangsters of the pre-'89 era) took place. Democracy in Russia now means the state making decisions for the benefit of fifty or so people.

The Wall and Communism

However, all this is glossed over in the anniversary celebrations and twenty years on the international bourgeoisie and its commentators are again, in their droves, repeating the old propaganda that Russia and the East were communist and that communism was oppressive, (consisting of the salt mines and the Stasi) or equally that it was utopian and impossible, but in any case dead. In reality the Russian bloc was as

far from communism as you could get. Its economy, as in the West, ran on the exploitation of the working class and the accumulation of capital; where wage labour exists, so too does capitalism. The goods they produced were not for the satisfaction of social needs but for the needs of capital, and for the wealthy apparatchiks at the head of the state. The East, however, had developed centrally planned state capitalism, and this contributed to its weakness. Its form came from historical conditions, as a result of the defeat of the Russian Revolution, or more specifically as a result of the impossibility of an isolated revolution continuing to exist. The Russian state turned to managing the relations of production as a 'collective' capitalist and state capitalism was born. Since the bourgeoisie can no longer bombard the working class with the daily propaganda that Russia equals communism, it has to make the most of anniversaries like this, dredging up old propaganda and never letting reality get in the way. It may be true that all walls are equal, but it would seem that some walls are more equal than others. There are currently thirteen walls existing in the world separating people from each other, notably Botswana-Zimbabwe, India-Pakistan, Mexico-US, and the West Bank, approved by the Israeli government in 2002 and two thirds built, despite the fact it was deemed illegal by the International Court of Justice in The Hague. All of them are symbols of the war, poverty, oppression and exploitation that capitalism dishes up to the working class on a daily basis.

An alternative to capitalism is possible, but communism has nothing to do with the rotten state capitalism of bygone years in Eastern Europe. Communism is a society of freely associated producers where wage labour and exploitation will be a thing of the past, where the horrors of capitalism will be consigned to history, along with Stalinism and its ideological walls.

RT

Environmental Disaster or Communism

There is No Third Way

Copenhagen Fiasco

The United Nations Climate Change Conference, to be held in Copenhagen in mid December, has been billed as one of the most important meetings of world leaders ever. Its president Connie Hedegaard declared that;

"If the whole world comes to Copenhagen and leaves without making the needed political agreement, then I think it's a failure that is not just about climate. Then it's the whole global democratic system not being able to deliver results in one of the defining challenges of our century. (...) It's not an option"

Since then US President Obama has announced that the US will not be able to sign up to any agreement produced in Copenhagen. Without the US no agreement can be reached and, at best, the meeting will be a meeting to prepare for another meeting in 2010. It will have been a political failure and will, in Connie Hedegaard's words, have illustrated the bankruptcy of what she calls "the whole global democratic system."

The Copenhagen meeting was supposed to produce a new treaty to replace the Kyoto Protocol; a new treaty which does actually get a reduction in greenhouse gas (GHG) emissions. The Kyoto Protocol itself, which came into force in 2005 and which was adopted by 187 states, has completely failed to reduce GHG emissions. On the contrary, emissions of greenhouse gases are rising faster than the worst scenario predictions made by the Intergovernmental Panel on Climate Change (IPCC). Why have the signatory states failed to meet their proposed reductions? The generally accepted view is that the treaty failed because the US failed to ratify it. However President Obama, so the story went, was different to Bush. He had pledged to support a successor treaty to Kyoto and to reduce US emissions by 80% by 2050. Yet, although the personnel in US government have changed, the difficulties in signing up to a new treaty remain. Of course, it is also not only the US which is holding up the treaty but also the positions taken by the newly-industrialising countries. China and India, for example, have joined forces to resist any cap on their emissions, and instead demand deeper cuts from the developed nations and funding of technological improvements to

cut emissions in all "developing nations." Newly-industrialising states claim that the figures which should be considered are the CO₂ emissions per head of population rather than the total. The US, for example, produces 20 tonnes per person while China produces only 6, (see Table 1 below). Alternatively, they argue, if total figures are considered the historical emissions which are still largely present in the atmosphere, should be taken into account. According to figures published in the "New Scientist" 500 billion tonnes of CO₂ equivalent have been produced by man since the industrial revolution. Deforestation accounts for 200 billion, and, of the remaining 300 billion 91.2 bn and 81.7bn have been produced by the US and Europe respectively. China and India's contributions are only 27.8bn and 8.3 bn respectively. There is therefore serious cause for disagreement over this issue. However, despite all the arguments put forward, the real reason the Bush administration did not sign up to Kyoto was that the treaty would have limited the profitability of large sections of US capitalism, most significantly the oil companies. Similarly the real reason why China and India reject caps on their emissions are that such caps would limit growth and hence reduce profitability of most of their economies. The fact that world leaders have such difficulties in agreeing a new treaty illustrates something more fundamental than the failure of the so-called "democratic system" as suggested by Connie Hedegaard. It illustrates the inability of the global capitalist system, as a whole, to deal with a crisis such as this, when the solution would

affect its profits. Even when environmental catastrophe is staring it in the face, the key issue for capitalists remains profit. Only when it is absolutely clear that the profitability of capitalism is threatened by greenhouse emissions will effective action be agreed. Obviously large sections of the capitalist class are convinced that this point has already been reached, which is why conferences such as Copenhagen are being held in the first place, and why the issue has become the stuff of mainstream bourgeois politics.

The Global Greenhouse

The scientific basis for the proposed new treaty comes from the Intergovernmental Panel on Climate Change (IPCC). This panel was established in 1989 by World Meteorological Association (WMA) and the United Nations Environmental Programme (UNEP) to try and give governments a clear view of what was happening to the world climate. It has so far produced 4 assessment reports. The second provided the scientific background to the Kyoto Protocol and the fourth provides the scientific background to the present conference in Copenhagen². The IPCC concludes that greenhouse gases, notably, water vapour³, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and various minor gases interrupt and reflect back the long wave emissions, i.e. infra red emissions, from the earth's surface. The main constituents of air, nitrogen and oxygen do not do this. The result of this reflecting back of infra red emissions is that the mechanism the earth uses to get rid of some of the energy

Greenhouse Gas emissions and Gross National Products

Country or bloc of countries	GDP \$ Trillion	CO2 emissions Million tonnes equivalent Mte	% of total global CO2 emissions	CO2 emitted per person	CO2 emitted per \$1M GDP output*
China	4.3	8106	20.7	6	1152
USA	14.2	7282	15.5	20	441
EU (27 states)	18.2	4641	11.8	9	315
India	1.2	1983	5	2	655
Japan	4.9	1293	3.3	10	301
African Union (52 states)	0.034	3164	8.1	4	1361
Gulf states (6 states)	0.486	894	2.3	25	875
Small Islands (42 Islands)	0.046	246	0.6	4	551

Source BBC <http://news.bbc.co.uk/1/hi/sci/tech/8345343.stm>

* Figures include offsets

TABLE 1

Climate Change

received from the sun is interrupted. Energy then becomes trapped in the earth's crust and the atmosphere. The net result is an increase in temperature of the earth. Climate change is therefore anthropogenic or caused by human activity producing Greenhouse Gases (GHGs).

The principal concern at present is that once a certain increase in concentration of GHGs in the atmosphere is reached, namely 450 parts per million, and once a certain temperature increase is produced, namely 2°C above pre-industrial temperatures in the 18th century, the warming process will be self sustaining. Once this occurs there will be nothing we can do about it. This is what is called the "tipping point." These are the general views of the main body of bourgeois science. There are, of course, still dissenters or "deniers" as they are generally known. Many "deniers" have been shown to be funded by sections of the bourgeoisie, such as the oil companies, whose profits are under threat from any attempt to limit emissions of GHGs, and their scientific conclusions have been dismissed for this reason. While this alone is not a valid reason to reject the "denier's" arguments, it does appear that they are now a fringe group who are no longer taken seriously by the main sectors of bourgeois science. Anthropogenic climate change caused by increasing emission of greenhouse gases is now the accepted explanation of global warming.

Empirical measurements show massive increases in the amounts of GHGs in the earth's atmosphere and a relentless rise in temperature. The melting of polar ice and glaciers, the warming of the seas and rises in sea levels, which result from this warming, are daily reported in the bourgeois press. It is therefore the case that, if the science of the IPCC is correct, we are on the road towards ecological catastrophe.

Ecological Degradation

In the last 50 years the world economy has grown by a factor of 5. This massive expansion of production has produced degradation of the eco-systems of the planet on a scale never before witnessed in mankind's existence. Humanity's ecological footprint now exceeds the planet's capacity by 30%⁴. Climate change, which is a disruption of the carbon cycle, is only one of the ecological degradations taking place. 60% of the world's ecosystems are now degraded. For example 20% of the world's coral reefs and 35% of its mangrove swamps have been destroyed. The Millennium Ecosystem Assessment concluded that out of the 24 natural

processes on which our survival depends, 15 are in decline or are becoming unsustainable. Key processes under threat are, provision of water via the water cycle, provision of food and of timber, regulation of climate, pollination of all types including crops, soil formation, photosynthesis and nutrient recycling⁵.

During the 50 years from 1960 to today, the concentration of CO₂ in the earth's atmosphere has risen from 315 parts per million (ppm) to 387 ppm, an increase of 23%. The steady increase in actual emissions of CO₂ is shown in the graph below. As can be seen actual emissions per year, determined by two separate scientific bodies, are now approximately 7.8 Giga (10⁹) tonnes or 25% greater than they were in 1990. It can be seen also that they are increasing faster than the most pessimistic projections made by the IPCC which are also shown on the graph. When one recalls that the Kyoto treaty was supposed to reduce emissions to 5% below 1990 levels, one can understand what a complete failure it has been! With the present rates of global growth and population increase the UN estimates energy demand will increase 1.5% annually and that, by 2050, GHG emissions will be 80% higher than they are today. This would produce a 6°C rise in temperature⁶ and take the planet well beyond the "tipping point." This is the background for ever more desperate solutions being put forward by the left wing of capitalism.

Green "Solutions"?

The failure of capitalism to address these issues is, in some sense, leading people in the green movement to the conclusion that capitalism cannot solve these

problems since the problems are located in the system of production itself, that is to say, they are systemic problems. Although they are led towards such a conclusion by what they see in front of their eyes, they never reach it. Even those who claim the title anti-capitalist remain fundamentally committed to the capitalist system. Despite all the evidence to the contrary, they still think it can be goaded into a dramatic measures to reduce emissions. Some of the moves suggested by the Green movement are;

- Decouple the economy from carbon.
- Enforce individual carbon quotas on everyone.
- Move to a zero growth or even a negative growth economy

Some commentators even propose putting countries on a war footing, i.e. suspending the laws which govern the capitalist system, as the only way of achieving these ends in the time left!

The proposals, which betray a sense of desperation, are worth examining briefly before we turn to the real problems which vitiate any solution within capitalism.

Decoupling from Carbon

The idea behind this scheme is to break the link between carbon and the economy and was actually what the Bush administration was advocating as an alternative to emissions control via the Kyoto agreement. At present our economies depend mainly on oil, coal and gas for their energy. Growth in the global economy demands increases in

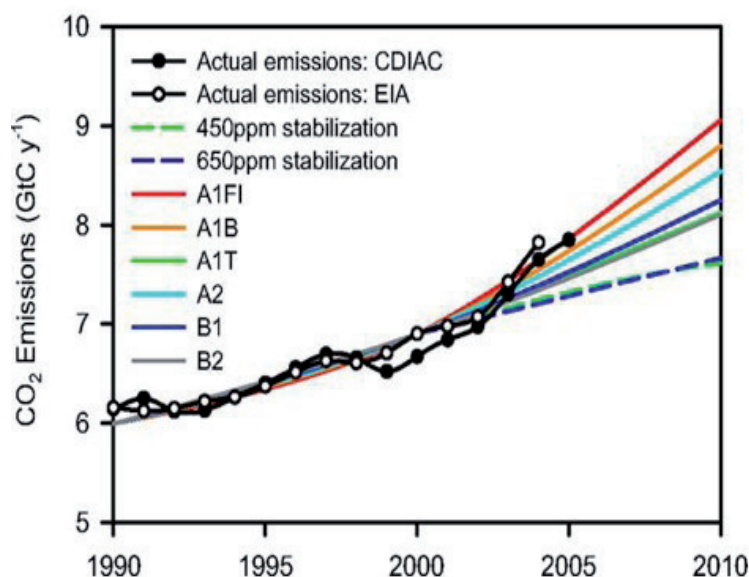
CDIAC = Carbon Dioxide Information Analysis Centre

EIA = Energy Information Administration (US government)

A1FI – B2 = Assumptions of IPCC 4th assessment paper. Worst scenario A1FI was that the world energy continued to be based on fossil fuels.

Actual emissions are worse than worst case scenario.

GtCy-1 = Giga tonnes CO₂ per year



energy from these sources, hence more greenhouse gas emissions. Growth is therefore directly related to increases in carbon emissions. If, advocates of this solution argue, we could produce energy from a non-carbon source, for example by nuclear fusion, we could stop burning oil, coal and gas and live happily ever after. Such a tremendous scientific breakthrough is, however, highly unlikely and it is for this reason that this scheme is often called the "magic bullet." However, such extreme innovations are not necessarily needed. If we could simply reduce the amount of carbon which we consume to produce each unit of output, emissions could be reduced. In fact the global economy has been reducing its consumption of carbon per unit of output quite dramatically. Table 1, opposite, shows that the more advanced countries are far more carbon efficient in producing products than the developing countries. Japan, for example, uses a quarter of the carbon for producing each \$1 million of GDP than the African Union. Overall, in the 30 years from 1980 to the present, the amount of CO₂ emitted per unit of output has been reduced by 25%. However, in the same period CO₂ emissions have gone up 50%! This is because the economy has grown at a rate that more than compensated for the efficiencies achieved. The prospect of finding an alternative energy source which could eliminate our reliance on carbon in the next few decades is clearly utopian. A gradual decoupling from carbon is something being attempted worldwide but capitalism's continual need for growth simply undermines its effectiveness as a solution to the problems we face.

Cap and trade for individuals

Cap and trade is an attempt to use market mechanisms to reduce emissions. Emissions trading originated in the Kyoto protocol but similar schemes have been operated in the past. The most well known was the sulphur dioxide emissions trading scheme operated in the US to reduce acid rain. An EU emissions trading scheme, which is the biggest in the world, has operated since 2005. A proposal is now being made to extend the scheme to individuals. This is actually being taken seriously by the UK government and the Department for Food Environment and Rural Affairs (DEFRA), published a "Rough Guide to Individual Carbon Trading" in 2006.⁷ In November this year, Lord Smith head of the UK Environment Agency put forward such a proposal as part of the new "green deal"⁸. Everyone should, he said, be issued with carbon credits which could be traded and operate like an alternative currency. Everyone would have a carbon credit bank account and any

product contributing to a person's carbon footprint, e.g. travel, electricity, water, food etc. would have to be bought with these carbon credits. Before considering this in further detail it is worth reviewing how the cap and trade scheme for industry has worked.

Under the EU scheme any company using or producing more than 10 megawatts (MW) of energy has to register and be allocated a cap on emissions and carbon credits up to that cap. Approximately 10,000 industries in the EU are now registered under the scheme, but at present, this only appears to account for half the CO₂ emitted in the EU. Carbon caps and credits are issued by the state, e.g. 1 tonne of CO₂ would equal 1 credit. Carbon credits, are awarded free of charge on past emissions records so the biggest polluters receive the most credits. If polluters exceed credits they can buy permits from companies who have not used up theirs, or they can offset their emissions by schemes to reduce atmospheric CO₂ anywhere in the world. There is, of course, a market in these credits which mirrors other modern capitalist markets with the usual brokers and trade in futures, derivatives, options etc.

The problem with this scheme is it is controlled by the capitalist state which is the representative of the major polluters and the initial credits awarded appear to have been far too high. Reporting of emissions relies on the polluters and is difficult to monitor. The biggest polluters, who get the biggest carbon credits, are generally in a position to continue polluting by buying allocations from others. So far the scheme has not contributed to any real reduction in emissions and appears riddled with chicanery. However, when the present trading period ends in 2012, we are assured that the caps will be reduced and the scheme will become more effective.

Perhaps the most scandalous aspect of the emissions trading scheme is the offset trade. This has been described as the modern day equivalent of papal indulgences. It is estimated that offsets could deliver half of the EU's cuts in emissions pledged by 2020! An example of the offset trade which illustrates how the trade is shot through with trickery and often creates more environmental degradation than simply continuing to pollute, is that of Grangemouth refinery in Scotland. The refinery flares off greenhouse gases day and night but instead of stopping this pollution, BP, which was at the time the owner of Grangemouth, offset the pollution by investing in the establishment

of eucalyptus plantations in Brazil. These trees, which are indigenous to Australia not South America, lowered the local water table and this, together with the pesticides and herbicides used for their cultivation, destroyed local agriculture and livelihoods, and made villages, which had been lived in for generations, uninhabitable. This forced locals to move out of the area and so joining Brazil's landless population, which in turn is leading to the clearing of the rain forest to produce arable land thus decreasing CO₂ absorption. The net decrease in CO₂ is highly questionable. Even so BP went on to claim that, since the trees would in future be used for making charcoal, the savings from the coal which would, hypothetically, they argued, have been used in the Brazilian steel industry must be added to their offset credits! Thus an environmentally damaging scheme with questionable carbon saving in one part of the world is used as justification for the continued emissions of GHGs in another part. This example is not atypical of the chicanery perpetrated in the offset trade.⁹

The emissions trading could become more effective if the states involved really wanted to reduce emissions, however, the key issue is not the mechanics of the scheme but profitability of capital. If such a scheme starts to threaten the profitability of EU capital or its ability to compete with other states it will be circumvented in one way or another.

The individual cap and trade scheme does appear to be different. It appears to be a means of limiting consumption. The DEFRA, report, referred to above, says it could force individuals to consume less and the cap could be screwed down regularly. It is obvious such a scheme will be used as a means of reducing consumption of the working class under the halo of green living. The left have for many years presented the issue of climate change as one of personal responsibility and an issue of lifestyle politics, sanctifying local production, vegetarianism, recycling and so forth. Cheap commodities such as clothes, electrical appliances, food, which the globalisation of capitalism have made available, should, so the argument went, be rejected on moral grounds as they had hidden carbon content. It is ironic that these ideas are now being taken up by the bourgeois state as a means of restricting working class consumption. A further irony is that the market, which was supposed to regulate everything on the basis of price, is now to be undermined by government regulation! A type of parallel currency would be introduced. However the system works, it is clear that once consumption is reduced, wages can be

Climate Change

reduced and UK capitalism can, in turn, increase its profitability.

Zero Growth – Negative Growth?

Many in the green movement understand that continual growth means continual increase in CO₂ emissions and hence advocate a zero growth economy or an economy which is shrinks. This idea shows a fundamental misunderstanding of the way capitalism works and, of course, it had not been taken up by any bourgeois organisation. The recent G20 finance ministers meeting held in Scotland in November, called for “sustainable” growth and “balanced” growth in its communiqué. It is almost unimaginable that any member of the capitalist class, in their right mind, would call for “no growth.” The reasons for this are concealed in the way capitalism produces, but, once the fundamental mechanisms of capitalist production are understood, they become obvious. They can be simply summarised as follows:

- Capitalism is a system which exploits unpaid labour from the working class. Part of this surplus labour can only be realised by accumulating capital which means expanding the forces of production. For this reason alone capitalism needs to have continual growth.
- Capitalism generates a tendency for profit rates to decline over the long term. This can be countered by increasing productivity and increasing the volume of production. Competition is continually driving this process and it results in a need for continual growth.

The “zero growth” or “negative growth” economy is therefore simply an illusion completely unrealisable under capitalism.

The future is a choice between Communism or the ruin of civilisation

The reasons why capitalism cannot solve the environmental crisis are located in the nature of capitalist production itself, namely its need for continual growth. As long as capitalism exists as the global system of production it can never be in equilibrium with nature and degradation of the planet will result.

The problems of climate change can only be solved within a more developed system of production namely, communism¹⁰. Under communism production would be for need and not for profit. Hence the continual drive for growth could be eliminated. The demands of mankind could

be balanced against the sustainability of the planet. Competition which drives capitalism to much waste production and degrades the planet could be replaced by cooperation. Centuries of environmental destruction, which will be the legacy of capitalism, can start to be reversed

Such a new society can only be achieved from the struggle against the present system. Ecological catastrophe is only one of the many disasters capitalism is producing, the economic collapse is another. These problems will generate social tensions which will pose the possibility of a better society and ways of fighting to achieve it. The environmental crisis will certainly translate into a social crisis of massive proportions. As we wrote in RP 45:

“As the crisis of global warming develops a whole chain of consequences will follow. Water shortages will affect areas irrigated by rivers....arable land areas will shrink and sea levels will rise. The capitalist class will launch a desperate struggle for scarce resources .. the present wars in the Middle East and Darfur are harbingers of what is to come. At the same time there will be a massive increase in the class struggle of the most deprived of the earth as they are denied the wealth they have produced and are turned into cannon fodder. As the real divisions of society, which are class divisions, become evident, history will not stand still. The spectre of a new mode of production will arise out of these struggles and wars. Our task as revolutionaries is to turn this spectre into a programme that meets the real needs of the working class which are those of mankind as a whole.”

The choice facing the world on the environmental front as on the social front is one of the ruin of civilisation or the construction of a communist world.

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Footnotes

- 1 See official website COP15 <http://en.cop15.dk/news/view+news?newsid=2257>
- 2 IPCC 4th Assessment can be read at http://www.ipcc.ch/publications_and_data/publications_ipcc_fourth_assessment_report_wg1_report_the_physical_science_basis.htm
- 3 Water vapour is a more important greenhouse gas than any of the other gases mentioned and has kept the atmosphere warm from the earliest geological periods to the present. However, since this is not an anthropogenic gas and is generally in clouds which reflect radiation out of the earth's atmosphere it is not considered as important as the other gases.
- 4 Quoted in Water and Environment

Management magazine, WEM Vol. 14, No 8 Pg 26

5 See Millennium Ecosystem Assessment (UN 2005)

6 IEA figure quoted Guardian 11/11/09

7 See DEFRA report <http://www.cse.org.uk/pdf/news1270.pdf>

8 See Telegraph 9/11/09 or <http://www.telegraph.co.uk/earth/environment/carbon/6527970/Everyone-in-Britain-could-be-given-a-personal-carbon-allowance.html>

9 The Dutch Electricity Generating Board used a similar scheme in Uganda to compensate for building new coal fired power stations in Holland. Again local people were deprived of their livelihoods and forced off the land.

10 Communism has nothing whatsoever to do with the systems which existed in Russia and China. These systems were not communist at all but a variety of capitalism which we call state capitalism.

The Thirtieth Anniversary of the Death of Onorato Damen

Onorato Damen was one of the most representative and prestigious figures of the International Communist Left. When still very young, he fought against revisionism in the PSI and the opportunism of Turati, Treves and Modigliani. With the outbreak of World War I he was sent to the front, and then demoted from sergeant to private and sentenced to two years in military prison for “public insults against institutions, incitement to desertion and denunciation of the imperialist nature of the war.” Subsequently he worked for the socialist newspaper *La Lotta* (Struggle), in Fermo in Le Marche, he worked at the Chamber of Labour in Bologna and in the Casa del Popolo of Granarolo as secretary of the municipal committee of the Leagues; secretary of the Chamber of Labour in Pistoia and was arrested in 1921. A supporter of the Italian Communist Left, Damen was a member of the abstentionist Fraction of the PSI and then of the Trade Union Central Committee of the Communist Party of Italy (Livorno 1921).

A target of fascist reaction, he was “kidnapped” by the fascists because he refused to recant his “Bolshevik” ideas. Having resumed contact with the Communist Party of Italy, Damen found himself involved in a gunfight in which a fascist was killed. Acquitted of murder, he was imprisoned for three years in Florence. Released, the Communist Party of Italy in France illegally transferred him to France through the *Bureau Politique* to organise fellow migrants. Director of the weekly *L’Humanité* in Italian, he returned illegally to Italy in 1924 and was elected deputy in the district of Florence. Within the Communist Party of Italy the rupture between the leadership headed by Gramsci and the Bordigist left was emerging and Damen criticised the degenerative direction of the party but also the somewhat passive attitude of Bordiga.

In 1925, Damen was behind — with Repossi and Fortichiari — the establishment of the *Comitato d’Intesa* in defence of the work of the Left and the political foundation upon which the Communist Party was formed in 1921. In 1926 he was confined to Ustica, then arrested and sent back to the Prison at Florence and included amongst the



Onorato Damen
(4 Dec. 1893 — 14 Oct. 1979)

‘Without the revolutionary party, every revolt will exhaust itself within the system.’

again and stopped by police several times in 1937 concerning the events in Spain, suspected of spreading “propaganda of the international left opposition against the policy of the Comintern and against Stalinism in Spain” (Source; the fascist police). Arrested at the outbreak of World War II and sent into internal exile, he was released after the fall of Mussolini in July 1943.

Despite everything, Damen managed — through maintaining illegal contacts and never giving up the role of an active militant despite all the sacrifices this demanded — to make his crucial contribution to the birth of the International Communist Party, the only class response to the slaughter of imperialist war in rejection of “defence” of one imperialist power against another. And the few internationalists outside the prisons were in the forefront when, in 1943, the proletariat of the North was set ablaze, spreading illegal leaflets and their first series of *Prometheus* — newspaper of the Internationalist Communist Party.

In 1945, Togliatti and the PCI asked the Committee for National Liberation to sentence to death the leaders of our Party, labelled as “Gestapo agents”, primarily Onorato Damen. (In the meantime our comrades Fausto Atti and Mario Acquaviva were murdered by the henchmen of the Communist Party of Italy.) Saved by his unquestionable moral

uprightness, acknowledged among political adversaries, afterwards Damen tirelessly contributed to leadership of the Internationalist Communist Party, and to the difficult struggle to rebuild the political organization necessary for the battles of the revolutionary proletariat.

The present crisis facing capitalism gives Marxism new strength and theoretical vigour. It confirms once again that the world proletariat can only achieve “progress” and “liberation” in the era of imperialist domination through the socialist revolution. The work and teachings of Damen have allowed all of us to resist, to defend and strengthen the political and organizational foundations of the future international party of the proletariat, capable of merging theory and practice in concrete and decisive political action.

“The fundamental, and most difficult problem for a revolutionary minority to solve is that of its intervention, and to work on the basis of a political platform for a whole historical period, that of capitalism, no matter what the objective conditions may be, including those of war and counter-revolution, to help the working class to rise from a consciousness of its immediate interests to a consciousness of its essence as a historical class antagonistic to capitalism.”

(Onorato Damen)
From *Battaglia Comunista* 10, Octobre 2009

Anti-Zionism, Anti-Semitism and Revisionism

From Prometeo I Series VII

On Monday 16 November Channel 4 put out a *Dispatches* programme entitled “Inside Britain’s Israel Lobby” which revealed not only that millions of pounds were being channelled to both major political parties by the Zionist lobby (as it should have been more correctly called) but also that there were news operations purporting to work in Britain which operated out of an annexe of the Israeli Ministry of Defence (see also the reference to AIPAC below which organises a permanent blog against the BBC). No real surprise that the political parties were mired in this game but the extent of the lobby’s success was shown in the refusal of the BBC to screen the Disasters Emergency Committee’s humanitarian appeal for the children of Gaza under pressure from the Zionists. As the BBC had shown the DEC’s same advert for the Palestinians in Lebanon at the time of the massacres of Sabra and Shatilla (1982) it showed how far the Zionist lobby’s millions had advanced their cause.

The ideological thrust of the Zionist campaign is to play the “anti-semitic” card. And if confronted by any of the many Jews, and courageous Israelis, opposed to Zionism they label them “self-hating” Jews. This only confirms the totalitarian nature of Zionist nationalism. We condemn it, like all other nationalisms (peace in the Middle East will not come about via a “one state” or a “two state” solution but a no-state solution – when we are all part of one human community). A further illustration of the desperation of the Zionist lobby was the condemnation of the South African judge Goldstone’s report on war crimes in Gaza last year. Goldstone arraigned both Hamas and Israel but was also denounced as a self-hating Jew for maintaining that Israel had a bigger case to answer (which is a rather mild way of saying thousands of innocents were massacred). The article translated here is from our Italian comrades’ theoretical paper **Prometeo** demonstrates that the Zionist agenda is an international one.

The well-publicised failure of the Durban II “conference against racism” in Geneva, the Pope’s visit to Israel and the Gaza massacre have brought the “anti-Zionism versus anti-Semitism” debate back to the international level. This gives the various spokesmen of the dominant ideology plenty of scope to carry on the slow but inexorable dissolution of the first concept into the second. There’s always a “Williamson case”, a declaration from some Faurisson² or other, or some different pretext to deliver a blow against anti-Zionism.

In Italy too, the display of force is impressive, from the highest echelons of the state to the national dailies: the more aggressive the Israeli government’s foreign policy becomes, the more critics of this policy are labelled “anti-Semitic”.

It is necessary to successfully fight any sign of racism, violence or bullying against those that are different, and above all any resurgence of anti-Semitism. Even when it dresses itself up as anti-Zionism,

the President of the Italian Republic, Napolitano, thundered, while he presided over the most “democratic” concentration camps for immigrants, founded in 1998 with a law bearing his name. In case it wasn’t clear enough, the state’s leading official took care to add that

Anti-Zionism means negating, in addition to the changing governments at the helm of Israel, the wellspring of the inspiration for the Jewish state, for the motivation of its birth, in the past, and for its security today³,

pulling the motivations of the past and the security of the present into the wake of Western democracy’s values. It was the *Revolutionary Perspectives 10*

same values that motivated George Bush Senior when he proposed and obtained the cancellation of UN Resolution 3379 of 1975 which equated Zionism with racism:

Zionism is not a policy; it is the idea that led to the creation of a home for the Jewish people, to the State of Israel. And to equate Zionism with the intolerable sin of racism is to twist history and forget the terrible plight of Jews in World War II.⁴

Escalating the ideological bombardment and the slide into paradox, *Corriere della Sera* at the same time published a survey showing that 44% of Italians today are said to show prejudice or hostility vis-à-vis Jews (it would be interesting to discuss their polling methods). Within this gigantic proportion of “proto-nazi” citizens, the most radical anti-Semites were supposed to claim 12%, equally distributed between extreme right and extreme left: in the latter, 23% were said to be “clearly anti-Semitic”.⁵

Confronted by such wretched and bare-faced acts of mystification, it is the tasks of revolutionaries to precisely re-define the boundaries of the terms being discussed. A number of words like “anti-Semitism”, “Holocaust” and “revisionism” have been so severely twisted that they have lost their original “lay” meanings and have assumed new ones in the context of the liturgy of what Norman Finkelstein called in the title of his book the “Holocaust Industry”. This represents an isolated example of lucid analysis of the gigantic propaganda mechanism which exploits the suffering undergone by the Jews in the Second World War:

The Holocaust has shown itself to be an indispensable weapon thanks to which one

of the most formidable military powers in the world, with a horrifying record regarding human rights, has acquired the status of victim.⁶

One of the most convincing arguments of the author, also based on his own story as the son of survivors of the extermination camps, is the observation that the Jews’ experience of the Second World War was essentially ignored by world public opinion for about twenty years. In fact, while it was not politically advantageous, not only was there no flowering of films, books and museums remembering the Holocaust suffered by the Jews, but even talking about it was considered inopportune in the United States, as it could offend the German Federal Republic, a precious ally in the inter-imperialist clash with the Soviet Union. An example: in 1955 Alain Resnais’ French documentary *Nuit et Brouillard* led to violent polemics in Germany because of the embarrassment over the recent past, in France because of the evident analogies between the Nazi government’s policy and those of French government during the Algerian war and in the USSR because of possible allusions to the Soviet gulag. The dykes broke in 1967 with the Six Day War:

Struck by the impressive display of Israeli force, the United States acted to make it one of their strategic resources. [...] Military and economic support began to flow when Israel made itself a proxy for American power in the Middle East.⁷

From then on, we have witnessed the gradual construction of a mammoth apparatus devoted to feeding a mystical vision of the *Holocaust*, now written with a capital letter and having achieved the level of a meta-historical manifestation of the centuries of hatred of Jews by

Gentiles: all under the constant menace of a recrudescence of anti-Semitism on a world scale, starting with the Middle East.

Just consider, for example, that today the principle pressure group acting on the government of the World's number one power is the Zionist lobby, AIPAC (American-Israeli Public Affairs Committee) and that the great majority of news in the West which relates to the Arab world is filtered through MEMRI (Middle East Media Research Institution), founded by Yigal Carmon, who worked for 22 years in the Israeli secret service and is an anti-terrorism consultant of the Tel Aviv government.

Obviously, in order to avoid falling into a naïve and idealist conspiracy theory à la *The Protocols of the Elders of Zion*, it must be made clear that the erection of such a powerful ideological framework cannot be attributed to a simple effort of will by the nonetheless potent Zionist lobby, but it is to be understood through the objective relations of economic force, which constitute its material pre-conditions. The hasty classification of any attempt to rationally understand the motivation for the persecution of the Jews as anti-Semitic belongs to this global strategy: taking Nazism outside of its historical context is



part of this manoeuvre.

Ahistorical Nazism and Eternal Anti-Semitism

The pivot used to deprive Nazism of its historical context and class content is its undoubted specificity, especially geographical. How striking are the massacres inflicted on the civilian population at the centre of oh so civilised Europe! Although the Americans, the Belgians, the Italians, the French and the British have stained themselves with the same crimes, “at least” they carried them out on native Americans, Congolese, Ethiopians, Algerians and Indians: peoples who were far away and thus different from us. Moreover, despite the class nature of Nazism, the persecution of the

Jews tended to be across the classes, and this deeply terrorises the sensitive middle class of America and Europe: those deported were not just workers, peasants and the poor, but also most respectable lawyers, businessmen, “honest members of civil society”. That was enough to create a climate of collective hysteria in the years to come, making it possible to build a fertile myth, aimed more at justifying the present than explaining the past.

Behind this operation we find an interesting idealistic attitude, one believing in the innate characteristics of peoples, confronting history and perfectly incarnated by Daniel J. Goldhagen in his *Hitler's Willing Executioners*. In this book, he deals with the question of the attitude of the “ordinary German” (in itself, an already extremely vague conception) under Nazism,

*rejecting certain comfortable but often inexact or misleading labels like ‘nazi’ or ‘SS’, to call those in question what they really were: ‘Germans’. The most correct general definition, rather, the only correct one, for those Germans who perpetuated the Holocaust is ‘Germans’. They were Germans who acted in the name of Germany and its most popular leader, Adolf Hitler.*⁸

Perhaps conscious of slipping into a grotesque “inverse anti-Semitism”, Goldhagen tries to make his thinking more precise, but makes his situation worse:

*... certainly, sometimes it is correct to refer to institutional and professional qualifications and roles, just as to more generic terms like ‘realisers’ or ‘assassins’, but only and always starting from the presupposition that such persons were above all Germans, and only in the second place SS, policemen or camp guards.*⁹

All in the same basket then, linked by the same chain of “the nation”: from the workers to the rich industrialists, including all the internal opposition. Obviously no word on the fact that it was precisely in Germany that, up until a few years before Hitler's seizure of power, there was one of the strongest Communist Parties of Europe, guided at its birth by people of the calibre of Rosa Luxemburg and Karl Liebknecht, nor on Bismarck's anti-Socialist laws, on the revolution of 1918, on the Spartacist League, or on all the revolutionary communists decimated by the combined action of Social Democracy first, and the Nazis later. The book continues, explaining how, when one is dealing with “Germans” (therefore, we will allow ourselves to remark, with Marx and Engels too, ... but not with the Austrian

Hitler) it is necessary to abandon every analytical category applicable to the rest of humankind. Referring to the impossibility of liberating “German culture” from anti-Semitism, the author affirms:

*If, instead of letting ourselves be guided by the diffuse assumption that the Germans were similar to us, we launch our analysis from the opposite, and much more rational, position — that is that in the Nazi period the Germans were generically devoted to the anti-Semitic creed then pervasively prevalent — it would become impossible to dissuade us of this conviction.*¹⁰

One could file such a contribution of such low-grade intelligence with the category of the bizarre elucubrations à la Lombroso, if it wasn't for the fact that it incorporates the whole way of thinking characteristic of all the diligent servants of the Holocaust Industry, or of the dominant culture which reconsolidated itself after the war under the convenient umbrella of anti-fascism. The recipe is simple: anaesthetise any possible anti-capitalist values of anti-nazism, softening it into a docile variant of nationalism: in Italy, Togliatti, while he appealed to “comrades in the black shirt”, promoted, with disdain for the most elementary principles of revolutionary defeatism, an indiscriminate “German hunt”.

The Origins of Zionism

This same mysticism seeks to remove Zionism from its bloody political hinterland to consign it to the “world of ideas”, as in Bush's declaration quoted above. In reality, the movement founded by Theodor Herzl shows, even on a superficial analysis, its historical-cultural backwardness, forming itself as a sort of “eternal colonialism” with a striking nationalist and confessionalist character, doubly linked to the decadent phase of capitalism:

*Zionism suffers, in the final analysis, from the contagion of racism. Claiming not the specificity, but the essential superiority of the Jewish condition, which postulates the inequality of nations, it makes the anti-Semitic theses its own, inverting the values of anti-Jewish racism. Echoing the persecutors, it depicts the Jew's existence in a non-Jewish society as “problematic”, thus implicitly defining them as an element perturbing social harmony.*¹¹

The complementary nature of Zionism and anti-Semitism is also evident in the deliberate confusion of religious and racial characteristics. One of the priorities of a movement which wanted to fight the racial roots of anti-Semitic hatred would be to underline the Jewish community's

History

character as a religious group: it would suffice to note that anyone can convert to Judaism. But that would cause much of the charm of the idea of the “chosen people” to be lost. Zionist ideology does exactly the opposite and sets itself the objective of valuing a hypothetical racial element to be consolidated with a national and territorial element (the Motherland), in parallel with the aspirations which spread like wildfire across Europe between the 19th and 20th centuries. This is the root of the project for a Jewish Nation, a confessional state with a markedly imperialist and colonial character. The two cardinal laws of the Israeli state (the “Law of Return” and the “Law on Nationality”), the observation of the Sabbath as an official occasion, the banning of the celebration of civil marriages, and the apartheid regime vis-à-vis the Arab population, confirm this stamp of religion and discrimination:

*Thus the fundamental laws of Israel undoubtedly sanctify discrimination of an ethnic character, which justifies the refusal to allow the refugees to return and establishes for the benefit of the Jewish Israelis a kind of statute for a privileged nation. The strident injustice of this legislation is even more evident in so far as the Arab refugees and a large number of Arabs living in Israel are refused that nationality that is granted to the Jews of the entire world in virtue of a mystical right to ‘return’.*¹²

In this sense it becomes clear how the common enemy of both anti-Semitism and Zionism is, above all, the spectre of the assimilation of the Jews into a secularised society. In the light of this contiguity of views, it is no surprise that Zionists and Nazis actively collaborated, before and during the Second World War. It is well-known, although often forgotten, that the Zionist leaders of *Irgun Zvai Leumi* (National Military Organisation, NMO, otherwise known as *Lehi* or the “Stern Gang”) in 1941 made a proposal to the Nazis for an alliance to fight against the British. In the text of the proposal one can read a perfect synthesis of the common roots of Zionism and Nazism:

The NMO, which is well-acquainted with the goodwill of the German Reich government and its authorities towards Zionist activity inside Germany and towards Zionist emigration plans, is of the opinion that:

I Common interests could exist between the establishment of a new order in Europe in conformity with the German concept, and the true national aspirations of the Jewish people as they are embodied by the NMO.

2 Cooperation between the new Germany and a renewed folkish-national

Hebraium would be possible and,

*3 The establishment of the historic Jewish state on a national and totalitarian basis, bound by a treaty with the German Reich, would be in the interest of a maintained and strengthened future German position of power in the Near East.*¹³

If it is objected that this was a minority group [in Zionism], it will be noted that one of its leading members was Yitzhak Shamir, future Foreign Minister and Prime Minister of Israel, and that this group only dissolved itself to merge with the Israeli Defence Forces in 1948. In general, Jewish nationalist circles showed widespread satisfaction with the policy of Nazi Germany

*since the strength of the Jewish population in Palestine would be so far increased thereby that in the foreseeable future the Jews could reckon upon numerical superiority over the Arabs in Palestine.*¹⁴

In fact, it must not be forgotten that the primary aim of the Zionists was the creation of a Jewish political and religious entity in Palestine, and certainly not the saving of the lives of European Jews. David Ben Gurion himself, the first leader of the Israeli state, resolutely affirmed in 1938 that

*If I knew that it would be possible to save all the children in Germany by bringing them over to England, and only half of them by transporting them to Eretz Yisrael, then I would opt for the second alternative. For we must weigh, not only the lives of these children, but also the history of the People of Israel.*¹⁵

In the name of this divine mission (the parallels with the Islamic *jihad* are striking) various paramilitary groups opened the season of Zionist terrorism, the antechamber of the Israeli state’s terrorism of the following years, aiming at international or British institutions and at Palestinian villages. Among the highest profile actions carried out by those who would become the champions of anti-terrorism, we may record the assassination of Lord Moyne (representative of the British government) and of Count Folke Bernadotte (United Nations mediator) as well as the dynamite attacks on the British Embassy in Rome and on the King David Hotel in Jerusalem, or the massacre of the civilians of the Deir Yassin village. The formations behind these actions were *Irgun*, *Hagana* and the already mentioned *Stern Gang* (born as a wing of *Irgun*), all groups which found their confluence in the Israeli Defence Forces and supplied the highest ranks of the political personnel of the Israeli state: from Menachem Begin (*Irgun*) to

Yitzhak Shamir (*Stern Gang*) and then to David Ben Gurion, Moshe Dayan, Yitzhak Rabin, Shimon Peres and Ariel Sharon (all militants of *Hagana*). Moreover, the modality of the actions of the Israeli army faithfully followed that of the terrorist gangs: even Yitzhak Rabin, though given the Nobel Peace Prize, immersed himself in the detailed instructions to be given to his soldiers on how to behave when confronted by extremely young Palestinian stone-throwers: break their arms. Why abandon certain practices when they work?

The Economic Roots of Jewish Specificity

In refutation of the Biblical and warmongering phraseology of Zionism it is useful to point out that the Jews, as a religious group have always been characterised by a marked ethnic heterogeneity and have maintained a specific identity through the centuries only because of economic reasons. The “chosen people” has consequently been an agglomeration of diverse ethnicities: Hittites, Canaanites, Philistines, Egyptians, Phoenicians, Greeks and Arabs. With the flowing of the centuries, this lack of homogeneity has increased markedly because of mixed marriages and conversions. With even more reason today can it be said that

At the present time there is absolutely no racial homogeneity between the Yemenite Jews, for example, and the Jews of Dagestan. The first are Oriental in type while the second belong to the Mongol race. There are



*black Jews in India, Ethiopian Jews (Falasha), ‘Troglodyte’ Jews in Africa [on the Tunisian island of Djerba].*¹⁶

For example, even what is called the “Jewish nose” is simply a characteristic widespread among the population of Asia Minor. The concept of a “Jewish race” is simply a myth, fed equally by anti-Semites and Zionists. It is comparable with a hypothetical identification of a “Catholic race”, starting from black and curly hair. Every time in history where the economic grounds for their differentiation

have ceased to operate, the Jews have assimilated with the people among whom they live.

*It is not the loyalty of the Jews to their faith which explains their preservation as a distinct social group; on the contrary it is their preservation as a distinct social group which explains their attachment to their faith.*¹⁷

Abram Leon does well in summing up this mechanism in the concept of “people-class”: the Jews historically represented a social group with a specific economic function, a class. This function has become more refined in the course of history, starting from the pre-capitalist economy and then following the evolution of the capitalist mode of production in its mediaeval, mercantile and industrial phases, up to its present phase of decline. In this sense, Zionism is nothing other than a historical reaction to the process of assimilation:

*In reality, Zionist ideology, like all ideologies, is only the distorted reflection of the interests of a class. It is the ideology of the Jewish petty bourgeoisie, suffocating between feudalism in ruins and capitalism in decay.*¹⁸

Capitalism poses the basis for the solution of the “Jewish Question”, by battering down the material pre-conditions for discrimination. But only in a communist society can this process of assimilation be completed, while the decadent phase of capitalism carries to their extreme any racial, national or religious pretext for the support for the imperialist policies of various states: this is exactly what happened in the Germany of the 1930s. An analysis of this type should be enough to eliminate any remote possibility of a link between Marxism and anti-Semitism, despite the pollsters of the *Corriere della Sera*.

Historical Revisionism

Against the background of the gulf between historical fact and propagandistic fabrication, it is equally understandable why there should be a perspective for a historical enquiry which tends to scale down the myth constructed by Holocaust rhetoric. The extent to which such an eventuality is feared is demonstrated by the punitive legislation of some states (Austria, Belgium, France and Germany) against the “questioning of the Nazi Holocaust”. Measures which punish the “sin of revisionism” have also been introduced in Australia, New Zealand, Sweden, Lithuania, Poland, the Czech Republic, Slovakia, Romania, Portugal and Spain. Capitalist states defend themselves as they are able: in the Soviet Union it

was forbidden to question the (false) Nazi responsibility for the massacre of 25,000 Polish officials in the Katyn forest (fabricated with much “eye-witness” testimony and “scientific” documentation), and in Turkey, mentioning the genocide of the Armenians is punishable by prison.

All this demonstrates how the word “revisionism” has also suffered a transformation from the simple meaning of the word to a preventative judgement regarding the intentions of the revisionists. If, as could be foreseen, a part of the research in this field has been carried out by Nazi sympathisers looking for arguments defending Hitler’s regime, there also exists a considerable circle of “revisionists of the left”, who have nothing to do with anti-Semitism and who, animated by proposals to demystify, are convinced that they help the revolutionary cause. Despite this, however, even if every Marxist displayed a willingness to unmask ideological constructions and to approach the problem scientifically, the revisionists of the left fail to hit the target, and end up producing work that is moreover counterproductive.

Their researches principally concern two types of question: the number of the victims, and the way they were killed. It is very easy to show how, on both these fronts, the revisionists’ actions are a waste of time. Holocaust rhetoric, no longer able to so much insist on the Nazis’ intentions (Allied killings through bombings can’t be seen as “less intentional”), stresses either the quantitative issue, or the manner of the Nazi exterminations, and it also makes use of the figures, 6 million dead, as an instrument of propaganda. This becomes clear, both by the lack of science with which these numbers were initially determined (the Stalin-style confessions at Nuremberg), and by the frivolity with which they were progressively retouched: in the French documentation mentioned above, for example, they spoke about 10 million dead, then this became a total of the 6 million which has remained in the collective imagination, even though in 1990 the original 4 million of Auschwitz-Birkenau was reduced on the memorial to 1.5 million with a stroke of the pen: Raul Hilberg in *The Destruction of the European Jews* talks of 5.1 million, 1 million at Auschwitz.

Faced with this disgusting numbers game, in which umpteen millions of people are “killed or resuscitated” as if they were nothing, a coherently Marxist position should do its utmost to stress the offensive uselessness of the number of the dead: the numerical aspect should in no

way constitute a decisive element in the judging of the Nazis, or of the founding of the state of Israel, or of its present politics. Revisionism by entering the numerical arena places itself on the same level as the official historiography, indirectly backing up the centrality of a peripheral element, although it concerns millions of dead.

The same goes for the argument about the way in which the killings were carried out. Much of the energy of the historical revisionists is spent on refuting the hypothesis of an extermination by gas chambers. In this case too, why fall into the trap? What would change from the point of view of a class analysis if the Nazis had killed the Jews with firing squads, or if they did it “American style”, with smallpox-infected blankets or with the incendiary bombs of Dresden? Even if this expenditure of energy was considered methodologically acceptable, its not a priority for communists, who would do better to trouble themselves with the class content of Nazism rather than follow the custodians of history onto their favoured ground.

A materialist critique should not linger too long over the phenomenal aspects of the facts, but should put them into their context within the framework of class relations, in the past as in the present. The obsessive research into an ahistorical specificity of the persecution of the Jews and its continual commemoration in the media in fact relates to the present: it draws attention away from the reality of more and more violent attacks on the workers, starting with foreign workers. There is a tendency to present the policy of the National Socialists regarding the Jews as “demonic” in order to avoid a comparison with the policies of today, not just of Israel, but of the “Western” countries. The parallel between Nazi camps and detention centres for immigrants is too uncomfortable to be simply nodded at, even if it is only among the prospects for the future; but, why should Nazi discrimination based on religion (arbitrarily rendered racist) be worse than today’s discrimination based on nationality? In both cases it is a question of diverting a spontaneous anti-capitalist mass sentiment towards a false objective. In this sense, the bourgeoisie, whether democratic or Zionist, share the same strategy.

For all these reasons it is essential to proclaim our anti-Zionism just as loudly as we proclaim the unbridgeable chasm separating us from anti-Semitism, an ideological weapon we willingly leave to our class enemy: we are sure that they will dust it down just as soon as they feel the

need. Moreover, no matter how they try to make it forgotten, Nazism is an integral part of the Western bourgeoisie's history.

Davide Rizzo

Footnotes

1 Lunatic English Catholic bishop who, in addition to denying the Holocaust, thinks that the Protocols of the Elders of Zion is authentic, and believes women should not be admitted to universities. Excommunicated for the major sin of being consecrated by the wrong Archbishop, readmitted in January 2009, and not re-excommunicated despite his views now being fully known by the Church (translator's note)

2 French holocaust-denier, ex-Professor of Literature at the University of Lyon II (translator's note)

3 http://www.corriere.it/Primo_Piano/Politica/2007/01_Gennaio/25/napolitano.shtml

4 <http://www.presidency.ucsb.edu/ws/index.php?pid=20012#>

5 http://www.corriere.it/cronache/09_gennaio_26/mannheimer_34cee82e-eb7f-11dd-92cf-0144f02aabc.shtml

6 Norman G Finkelstein, The Holocaust Industry

7 Ibidem

8 Daniel Jonah Goldhagen, Hitler's Willing Executioners

9 Ibidem

10 Ibidem

11 Nathan Weinstock, Zionism: False Messiah. although since he wrote this the pressure of being a "self-hating Jew" has forced Weinstock back into the Zionist camp (editor).

12 Ibidem

13 Fundamental Features of the Proposal of the National Military Organization in Palestine (Irgun Zvai Leumi) Concerning the Solution of the Jewish Question in Europe and the Participation of the NMO in the War on the Side of Germany, <http://www.marxists.de/middleast/brenner/irgunazi.htm>

14 Feivel Polkes, an agent of Haganah (then the military arm of the — Labour Zionist — Jewish Agency), in a conversation with Eichmann and Herbert Hagen of the SS, recounted in an SS report captured at the end of WWII and quoted in Heinz Hohne's Order of the Death's Head, cited in its turn in Lenni Brenner's Zionism in the Age of the Dictators, <http://www.marxists.de/middleast/brenner/ch08.htm>

15 Yoav Gelber, Zionist Policy and the Fate of European Jewry (1939-42), Yad Vashem Studies, vol. XII, p199, quoted in Lenni Brenner's Zionism in the Age of the Dictators, <http://www.marxists.de/middleast/brenner/ch13.htm>

16 Abram Leon, The Jewish Question, <http://www.marxists.de/religion/leon/ch7.htm>

17 Ibidem, <http://www.marxists.de/religion/leon/ch1.htm>

18 Ibidem, <http://www.marxists.de/religion/leon/ch7.htm>

The Power of Yes

by David Hare

This play, which opened at the National Theatre in October is about the financial crisis or as Hare puts it, the four days when "capitalism ceased to function". The author admits it is not a play but an attempt to tell a story. It is poor theatre in the normal sense. It is instead a type of intellectual journey in which the author attempts to discover why, on 15 September 2008 capitalism ceased to function.

David Hare is a veteran leftist playwright. He presents himself in the play as completely ignorant of the financial world. He is thus guided in his quest by Masa who escaped from Sarajevo as a girl aged 10, and was working for Lehman Brothers until its collapse. The interaction between Masa and the author is the only half theatrical relationship in the play. The bulk of the play consists of real banking, finance and government characters, being brought on stage to explain things, or comment on events. People ranging from the financier George Soros to the Nobel Prize winning academic Myron Scholes appear. The author becomes more and more bewildered and confused as the story progresses. From watching the play you get a feeling that David Hare did actually interview all these people and was utterly unable to make any sense of what he was told. In fact, the general impression we are left with is that everyone is confused about what has happened, not least the bankers and economists. Behind this confusion lies a complete intellectual bankruptcy. The title of the play appears to come from the ability of bankers and financiers to say "yes" to anything which they thought would get them more money, even when they knew the schemes, such as the sub-prime mortgages stunk. As Chuck Prince, head of Citibank says:

"As long as the music is playing you have to get up and dance."

The reason, Ronald Cohen, a private equity pioneer tells us, is that you don't dare stop because your clients will move their money and take it to another bank which is still dancing and meanwhile the building is falling down, the hall is slipping off the pier and no one has the wit to stop the marathon.

None of the bankers will admit that they have done anything wrong. The Royal Bank of Scotland was the biggest company in the world, with assets of £1900 billion, (more than the UK GDP), before its collapse. However its chairman, Fred Goodwin, was very angry about what has happened and blames the markets for behaving irrationally. The economist Scholes, who won the Nobel prize for his famous risk calculating equation, still maintains that he is correct. This is despite the fact that, as Masa tells the author,

events, which the risk equation predicted would happen once in 10,000 years, were happening every 3 days during September and October 2008.

The play basically accepts the superficial explanation provided by the bankers at face value. Howard Davies, ex-chairman of the Financial Services Authority and now director of LSE explains that the Sub-prime loans led to a Liquidity crisis which led to an Unravelling of assets which led to a Meltdown which in turn caused the state to apply financial Pumping. His acronym for this is SLUMP. When Masa invites the author to sum up what he has learned he concludes he has witnessed the collapse of the liberal free market. This is about as far as the play goes. George Soros, who is presented very sympathetically, appears to agree with this conclusion and expresses admiration for China's control over the market. He says that power is shifting to China. He has the last word of the play and recalls an interview with Alan Greenspan. Greenspan, who we are told is a great admirer of Ayn Rand, says that;

"the benefits of the market are so great that you have to live with the price."

To which Soros replied;

"Yes, but Alan, the people who end up paying the price are never the people who get the benefits."

This appears to be the conclusion of the play. The author fails to discover the real cause of the crisis because he never tries to dig below the surface of the phenomena he is dealing with. The real question which should have been asked was why did the financiers embark on an orgy of speculation and gambling instead of investing in industrial production. A hint of an answer comes at one stage when the private equity pioneer Ronald Cohen declares;

"the real reason that the boom lasted 17 years was because people in China were working for 46 cents an hour. That's why."

There is, however, no attempt to follow up this insight into where all the surplus funds for the financiers to invest were coming from, or why they did not invest them in productive industry instead of gambling them on sub-prime loans.

However, despite its weakness the play is filled with interesting facts and is worth seeing.

CP

In our last issue we published an article from *Prometeo*, the theoretical journal of Battaglia Comunista (PCInt) on the cost of the crisis so far for the working class. Here we present a second article from that issue on the same theme of the economic crisis, this time on the prospective for the capitalist crisis whose underlying cause is not financial speculation but the permanent problem for capitalism of the declining rate of profit.

The Fall in the Average Rate of Profit - the Crisis and its Consequences

[from *Prometeo* I Series VII, July 2009]

Capitalist relations of production are based on a fundamental law — the creation of surplus value through the realisation of profit. The unequal relationship between capital and labour goes beyond capital simply making a profit but involves the extortion of the maximum profit possible. In this context the maximisation of profit is only achievable through extended reproduction based on increasing the exploitation of labour power and thereby increasing the rate of surplus value. The process of accumulation, the concentration of the means of production and the centralisation of capital all flow from this as a natural consequence.

In the early period of capitalist development the objective of extorting the maximum profit was achieved by lengthening the working day as far as was humanly possible. Absolute surplus value was the main source for the maximisation of profit. The working day reached 16 hours in Britain and other major industrialised countries. In this type of accumulation the composition of capital did not significantly change, leading not only to an increase in the mass of profits but also in the rate of profit. But the finite limits of the working day which, even if taken to extremes cannot go beyond 24 a day, forced capitalists — aiming as always to maximise profit — down the road of reducing the necessary labour time through the ever-increasing use of relative surplus value. This allowed capital to further increase the social productivity of labour, the rate of exploitation and the mass of profit. However, as technologically advanced machinery replaced labour power the organic composition of capital rose, thus setting in motion the conditions for a fall in the rate of profit. The increase in dead capital in relation to living, or constant to variable capital — in other words a greater increase in capital tied up in

machinery and raw materials compared with the number of workers involved in production — leads to an increase in the extraction of surplus value and a huge growth in the mass of profits, but also to a reduction in the rate of profit. If the rate of profit is the relationship between realised surplus value and the mass of total capital employed, the more the number of workers is reduced in relation to constant capital the more the basis for extracting surplus value is reduced. More precisely, the mass of total capital invested per unit of productive labour increases as does the surplus value produced by any individual workers in the process of accumulation. The mass of profit increases but the rate of profit declines on the basis of the increase in the organic composition of capital. As is well-known, the formula s/C represents the rate of profit where s is the quantity of surplus value extorted. This is calculated by multiplying the surplus value created by a single worker by the number of labourers employed. C is the total social capital, i.e. the sum of constant and variable capital. It follows from this that increasing the latter in relation to the former, i.e. reducing the number of labourers in relation to the increase in capital employed, creates the conditions for a fall in the rate. In mathematical terms, if the numerator diminishes in relation to the denominator, the numerical result is lower. The relationship between s and C is the expression of the organic composition of capital whose increase provokes the fall in the rate of profit. The organic composition of capital is calculated by comparing constant capital with variable and by expressing the figure for their reciprocal relationship in percentages of the total capital. For example, if the quantitative relationship between constant and variable capital was 80/20 the organic composition would be 4%. If we increase the first figure (constant capital) and lower the

second (variable capital) to 90/10 the organic composition would rise to 9%. The more the organic composition rises, the more it brings into play the law of the tendency for the average rate of profit to fall. Apart from short periods, capitalism cannot escape from this law which is immanent to its relations of production. Its operation is shown in the specifics of its fundamental contradictions, a course which leads to capitalism's decline as a mode of production and which brings with it a series of devastating economic and social consequences.

The more the rate of profit declines the harder it is for capital to find ways to express its valorisation. The more the process of valorisation slows, the more the rate of increase of socially produced wealth proportionally decreases. This is despite the enormous increase in productivity and in the exploitation of the labour force. Thus it is really the increase in the social productivity of labour, the growth in exploitation the relative surplus value which is at the root of the law. As Marx says in the Third Volume of *Capital* (at the beginning of Chapter 13):

The progressive tendency of the general rate of profit to fall is, therefore, just an expression peculiar to the capitalist mode of production of the progressive development of the social productivity of labour. This does not mean to say that the rate of profit may not fall temporarily for other reasons. But proceeding from the nature of the capitalist mode of production, it is thereby proved to be a logical necessity that in its development the general average rate of surplus-value must express itself in a falling general rate of profit.

As evidence for this we can see that the rate of growth of world production has been progressively declining due to the high organic composition of capital in the

economy. In the decade 1970-80 the rate of increase of international productive capacity was 5.51%. In the following decade of 1980-90 it declined to 2.27%. In the decade 1990-2000 it reached a miserable 1.09%. The subprime crisis then did the rest, imposing a recession on world production which declined substantially below zero. If we consider the growth of world production per capita for the same period the figures are even worse. From 3.76% in the decade 1970-80, it went to 0.69% in the next decade, finishing up at 0.19% in the decade 1990-2000. The decline in the increase in world production isn't due to the fact that needs have been satisfied better or that demand for goods and services have autonomously contracted. This decline is due to the difficulty of valorising capital which, discouraged by decreasing profit margins, is invested less and less in real production as it responds to the siren call of speculation. In the same period, albeit with differences from one area to another, plant utilisation never went above 76% whilst speculation attracted more and more capital which previously went to productive investment. Just how the two phenomenon are related can be seen in the fact that where the process of maximising profit becomes difficult capital turns to seek extra or super profits for an additional gain. This adds nothing to the quantity of goods and services produced but it allows big capitals to acquire surplus value produced elsewhere. At the same time it favours the birth of huge monopolies in the real productive sector where the monopolistic price can be used to compensate for the losses arising from the fall in the rate of profit. It also promotes huge financial holdings dedicated to speculation which continue until the bubble bursts and reduces their profits and financial gains to zero.

First there was the Enron, Cirio and Parmalat cases, then the financial crisis linked to subprime mortgages exploded and the entire capitalist system entered the most deep and devastating crisis since the 1930s. We have to add, however, that the financial bubble burst in a real economy which was already in deep crisis and this was the cause and the spring which unleashed everything. General Electric and General Motors are two prime examples. The two biggest corporations in the world have had recourse to financialisation to deal with their profits crisis. In the space of

forty years they went from profit rates of 20% to 5%, and of this 5%, 40% was the result of speculative activity. It is exactly the same on the macroeconomic level. Financialisation developed (in close parallel with the profits crisis) and persists even in periods of partial recovery. Between 1950 and 1980 alone 15% of capital was earmarked for speculation. Between 1980 and 2003 the proportion of speculative capital rose to 25% but no further. This shows three things: the first is that the increasing difficulty of capital valorisation on the part of the real economy induces financialisation of the crisis. In other words, the attempt to overcome the lack of profit from production with extra profits or financial returns which supplement the rate of profit and which could be, in part, productively re-invested. The second thing it shows is that there are limits to this. Surplus value and its related amount of profit are formed in the process of production whilst mere financial gain, the recourse to the stock market and speculation, is nothing but a mechanism for transferring surplus value that has already been created. The third thing — which is a synthesis of the first two — is that financialisation of the crisis via speculation, the creation of fictitious capital and parasitism, has an objective limit which cannot be overcome without destroying the very fictitious capital which contributed to its creation. Recently, since the end of the 1990s, stock market crises have followed one another at an extraordinary rate. Following the bursting of the Russian and Asian speculative bubbles, the US Stock Exchange has produced the greatest destruction of fictitious capital in capitalism's history, even surpassing that of 1929. Between January 2000 and October 2002 the Dow Jones fell from 11722 to 7286 points, amounting to a 38% loss in its share capital. The NASDAQ, or stock market for high tech firms, fell 80%. Over the same period (March 2000 to the third quarter of 2002) the consequence of the two stock market explosions amounted to a net loss of \$8,400 billion. The present crisis has done the rest. Not only has it made major US financial institutions go to the wall, it has forced state intervention to avoid a global failure of the whole credit system and the real economy itself. In the final analysis these speculative bubbles are created by the financialisation of the crisis as capital increasingly turns to increasing its financial revenue and searching

for extra profit in order to revive continuously declining profit rates and solve the economic crisis. Its inevitable end only poses the same crisis situation again but at a higher and more critical level. It never escapes from the vicious circle which is typical of capitalism in all stages of its existence but which in its period of decay is devastating. The most obvious example is today, where the economic and financial world face an unprecedented crisis which makes the crises of the early 2000s and even that of the 1930s look pale by comparison.

A low rate of profit not only slows the process of valorisation down, it also makes it difficult for new capital to be created. A capital of high organic composition, with its reduced rate of profit, is forced to accumulate more rapidly. The increased velocity of accumulation produces a growing mass of profit but at the same time lowers the rate of profit and the rate of its valorisation. Exactly the same dynamic explains how in periods of accentuated crisis, distinguished by greater intensity of overproduction of capital unable to find adequate profit margins, capital seeks a variety of ways out, such as economic concentration, financial centralisation and speculation. As Marx said when referring to the contradictions inherent in the law at the beginning of Chapter 15 of *Capital* Volume Three,

On the other hand, the rate of self-expansion of the total capital, or the rate of profit, being the goad of capitalist production (just as self-expansion of capital is its only purpose), its fall checks the formation of new independent capitals and thus appears as a threat to the development of the capitalist production process. It breeds overproduction, speculation, crises, and surplus-capital alongside surplus-population.

And the evidence for this can be seen in the increasingly central role of finance capital, the stock exchange, banks, investment funds and financial holdings. Never in the history of the fall in the average rate of profit has financial capital assumed such a dominant role within capitalist productive relations. And never before has the struggle between major international currencies for supremacy in the money markets, that instrument for re-appropriating capital, been so violent.

Another effect of the profits crisis is sharpened competition for trade, both

domestically and internationally. The more the mechanism for accumulation and valorisation of capital lacks oxygen the harsher the competition between capitals. The race for greater labour productivity, intensified exploitation through the increase in relative surplus value, exacerbates the competition between capitals — a competition which is in turn the product of the profits crisis — and produces, as its first consequence, a historic attack on the living and working conditions as well as the wages of the working class. Chronologically the evidence is stark. If we compare the times of these attacks with the steepest fall in profits it shows that the economic and social dynamic is the restriction of on profit margins. It all started in the mid 1970s when the rate of profit touched its historic low level of less than 53%. The attack took place on several fronts. In terms of direct and indirect wages it has taken the form of containing labour costs and dismantling the welfare state. Over the last few years wage levels have returned to those of the 70s in every major capitalist country. At the same time social security provision has been reduced. Increasingly the relationship between capital and wage labour is one involving more flexibility and job insecurity to an extent unequalled in recent history. The profits crisis means that, in addition to reducing labour costs, the capitalists also have to ensure that the labour force is only employed when the valorisation of capital demands it and then that workers are automatically laid off when no longer needed. Capital cannot allow itself the luxury of maintaining a workforce which it is not able to exploit at a rate compatible with its own valorisation needs. Neo-liberalism and globalisation are the real offspring of the profits crisis. Once extolled by leading bourgeois economists for their *extraordinary advantages*, they are now being discarded as noxious to the healthy development of capitalism in favour of state intervention. Yet the severe limits to the process of valorisation within the various national capitals has imposed on big capital the need to overcome all possible barriers to the circulation of capital, commodities and the procurement of strategic primary products and labour power at the lowest possible price. The export of finance capital, the delocalisation of production, the intensive exploitation of the workforce at very low cost, these are all the inevitable corollaries of the slow pace of valorisation typical of the

advanced capitalist countries with a high organic composition of capital. If all these objectives are realisable on the level of 'normal' imperialist competition, fine, otherwise the force factor intervenes to resolve things. War has become the *daily* means by which imperialism seeks to obtain desperately needed economic and financial advantages. Is there anything new under the capitalist sun here? Certainly not, but in the present phase of capitalism, warmongering, like any other form of imperialist behaviour, is directly proportional to the gravity of the economic crisis. The tendency for the rate of profit to fall doesn't create new contradictions or unusual forms of behaviour on the world market, but it does make them worse, pushing them to extremes as serious and desperate as the crisis which produced them. From the fall of the Soviet Empire to today, whilst the Western bourgeoisie have been crowing about its victory and announcing a new period of peace and prosperity, the abyss of international crises and imperialist war has opened up with an intensity and violence not seen in recent years. In all areas — from economic to political factors, both in domestic and international terms, in the relationship between capital and labour and in the resort to arms — the situation has got worse. Thus inter-bourgeois tensions have multiplied and intensified in an orgy of decadence where increased exploitation of the proletariat, increased poverty in general, are the only constants in a capitalism trying to put together the conditions for its own survival.

The Decline of the Average Rate of Profit in Figures

In bourgeois literature it is difficult to find clear data on the fall in the average rate of profit. The explanation is obvious. No bourgeois economist, however aware and fearful of the law and its disastrous consequences, can openly confess to investigating the relationship between the mass of profit and the total capital employed to obtain it. Not so much because they don't want to use Marxist economic categories, although they always reject them, but more simply because they ignore the problem when they put the mass of profit at the centre of the issue and not its rate. Even so, on the basis of the known facts, they do issue warnings about declining returns on industrial investment and the lack of valorisation of invested capital. Publicly

they pretend that the explanation lies outside the relations of production, as if it were a question merely of the market or the sale of goods or, at most, of a dysfunction in the productive process and thus that a readjustment of these factors would resolve the problem. Even so, when the capitalist managers attempt to deal with the worrying consequences of the fall in the rate of profit they are forced to deal with the cause of the problem and not its economic effects, thus bringing into play a vast series of countermeasures. A marxist analysis is a lot simpler and more effective because it is stripped of any constraints or mystifications; it is based on the dynamic of the real facts centred round the antagonistic and contradictory aspects of capitalism.

In order to look at both the law of the decline in the rate of profit, and the countertendencies it provokes, we'll look at the example of the post-war US economy. The choice is forced on us because the figures relating to profit in the US economy are the best known and best researched. According to the French Institute of National Accountability (INSEE) the average rate of profit of the US economy from 1955-2000 declined more than 30% and in the period 2002-5 it fell more than 35%. Further dissection of this statistic reveals that between 1954 and 1979 the rate of profit fell by more than 50%. In the period 1985-97 there was an extraordinary recovery of around 20%, finishing with the years 1997-2002 which saw a fall of 21% from the peak of 1997, a fall which carried on until 2007. In percentage terms what has happened is that in the first period we went from an average rate of profit of 22-23% to 11-12%. In the second it went back up to 18% only to fall once again in the third to 14%. The figures tell us that, on the basis of changes in the organic composition of capital, the rate of profit has to fall in the long run. In the short term however, due to exceptional circumstances as a result of the operation of certain countertendencies, the rate of profit can grow or else its decline can be clearly slowed down.

(See Figure 1 top of p.18: *The rate of profit in the post-war US economy*)

The apparently contradictory aspect derives from the fact that in the first period (the *golden age*) when the rate went from 22% to 12%, the US economy

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grew enormously at a rate never reached again in succeeding decades. The average rate of annual increase in GDP was around 5%, unemployment never rose much above the physiological minimum of around 2% and inflation never went above 2.1%. The US economy dominated world trade. It had an enormous surplus in its balance of payments and was exporting financial capital with a net surplus of 17%. The only explanation for the fall in the rate of profit is the rise in the organic composition of capital, itself driven by the extraction of relative surplus value. In the space of thirty years the latter increased by 41%, going from 3.58% to 5.03%. These are impressive enough figures in terms of speed and intensity, though they do take place over a long period. The important point is that in the post-war period of economic expansion the need to continually reduce necessary labour time by means of relative surplus value leads to enormously more investment in constant capital than in variable. As dead capital replaces living labour, the source of extraction of surplus value is enormously narrowed, despite an increase in the rate. This explains how the American economy 'suddenly' found itself — at the end of the 60s and beginning of the 70s — in its severest economic crisis since 1929-33. This was when the leading sectors of the economy were overtaken by those of Germany and Japan. Having lost its domination of the world market, the 'made in the USA' economy found itself for the first time since the Second World War with a balance of payments deficit on its current account. The USA now had to import capital from abroad as its competitive position declined due to a fall in the rate of profit which had literally halved. The revival of the rate of profit, or rather the slowing of its decline, which took place between 1985 and the end of 1997, was brought about by three factors. The first reason for the recovery is the absolute success of US pressure at the historic Plaza Summit (1985) to the detriment of Germany and Japan. On that occasion the US forced its two major trade and financial rivals to revalue their currencies, thus giving the US economy a competitive edge in commodity prices and therefore on the balance of its current account. The second was the high interest rate policy promoted by the US Federal Reserve with the aim of recycling the enormous mass of petrodollars which had shifted from the industrialised



Fig. 1 The rate of profit in the post-war US economy

countries towards the oil producing countries after the first, extraordinary, increases in the price of crude oil. Taken together, these two actions ensured that the dollar would continue as the main trading currency in all the world markets (92% of all trade was in dollars) and that fresh sources of capital would flow towards the asthmatic US economy to be invested partly at home but mainly abroad. With an increasingly devalued dollar in relation to competing currencies, yet still retaining the dominant international exchange medium, the US was able to recover its competitive advantage thanks to the consequent relative lowering of the price of US goods.

(See Figure 2 below: *Real Hourly Wages in the USA*)

The third factor, and certainly the most important, was the reduction in labour costs. Lower taxes on firms, lower money costs and, above all, stagnation of real wages which did not increase at all throughout the entire period. Indeed wages declined thereby contributing

to a recovery in the industrial and manufacturing rate of profit to 20%. In the building sector things were even better for the capitalists. Between 1978 and 1993 real wages in this sector have been reduced by 1.1% a year, allowing invested capital to obtain a rate of profit of 50%. We have also to take into account a political factor in regard to this economic data and that is the low level of class struggle which allowed capital to restore profit margins relatively easily. Where working class response to the attacks of a crisis-ridden capitalist system is weak, or even non-existent, it becomes more practicable for the capitalists to impose the policies of the counter-tendencies with the aim of restoring significant profit margins. These policies include the infamous calls for sacrifices which are still in force today. Originating in the USA, they have spread to the rest of the Western world with the compliance of the unions and the Left. The export of financial capital and the shift to globalised production did the rest.

Despite the consistent recovery in the

Real Average Hourly Earnings Percent Change: Same Month Year Ago Jan. 1965 to July 2009



rate of profit in the 1980s and 1990s the latest crisis has brought the US economy back to the same precarious situation as at the end of the period of expansion. By 1998 a series of problems, which the artificial revival of the 1990s had concealed, came to a head. The gambit which had begun with Reaganomics in the 1980s went into crisis. It was based on the draining of world savings to the USA by means of high interest rates and the dominant role of the dollar, but it also involved abandoning some traditional sectors of the economy and a consequent reduction in competitiveness. Moreover, the crisis encompassed foreign investments, the delocalisation of production and the high tech sector on which most of the strategy was based. The increasing indebtedness of the state, of firms, of families trying to buy houses and the means of daily existence, produced a real tragedy whilst the rate of profit inexorably declined. The more profits declined the more the recourse to parasitism, and increased financialisation of the crisis. And so the speculative bubble expanded exponentially, creating the conditions for the explosion in August 2007. The worst aspect of all this is that, once again, the international proletariat is being asked to pay the price. When the speculative bubble — which swelled to provide cheap credit for companies and families as well as the entire economic system — burst, billions of dollars were wiped out in a few days in the fictitious stock market environment. This created a crisis for the whole system of finance, a crisis which revealed the limitations of the entire capitalist system, including a real economy which was already massively weakened, and which was now thrown into the abyss. The housing market collapsed like a house of cards, then all the most important productive sectors, including high tech, began to show signs of collapse. Previous investments in constant capital and software had already reduced productivity. On average, before this further fall in productivity, plants were working at around 60% of capacity. In addition the 3.5% wage rises which were possible during the later stages of the economic boom have become an unsustainable burden on a capitalism in crisis. In a short space of time indebtedness — of the State through the public debt, of businesses which made financialisation their model of development, and of those families who believed in the illusion

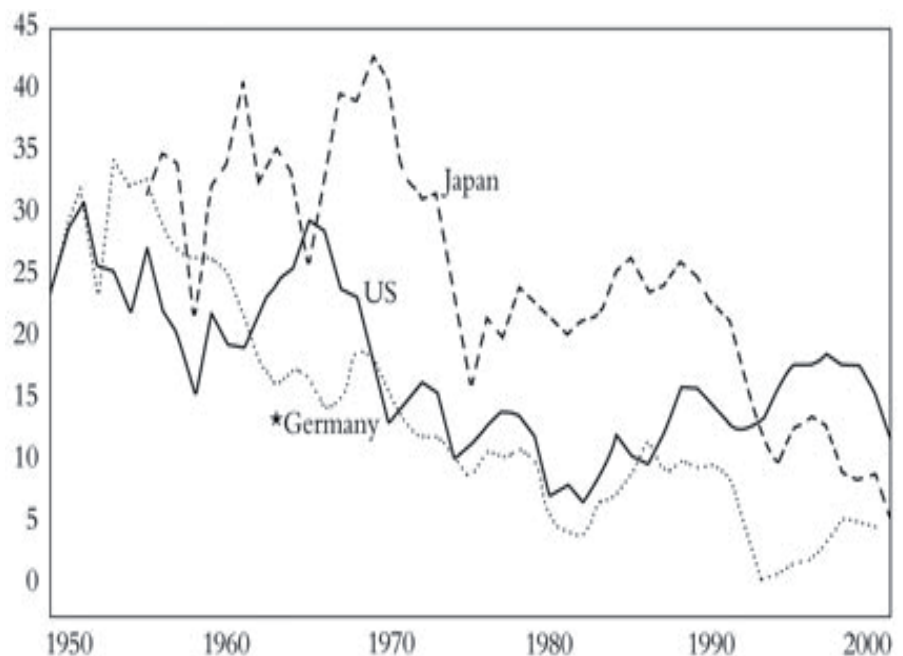


Fig.3 Profit Rate for Germany covers West Germany 1950-90 and Germany 1991-2000

of easy consumerism — reached new dimensions, throwing the rate of profit of the US economy into the black hole of economic crisis. As a consequence between 2000 and the beginning of 2003 employment fell by 6% and real wages by 1.6%. Productivity fell 40%, plant utilisation 30%, whilst GDP — which had increased by 4.7% in 1997 — fell to 1.3% per annum for the period 2000-3 before going down to minus 6% today. The overall result is a colossal reduction in net profits. The mass of profit of electronics firms fell from \$59.5 billion in 1997 to \$12.2 billion in 2002 whilst today the balance sheet has literally folded. In the semi-conductor sector profits fell from \$13.3 billion to \$2.9 billion. In telecommunications from \$24.2 billion in 1996 to \$6.8 billion, whilst the service sector saw a drop from \$76.2 billion to \$33.5 billion. Finally, in this period the fall in the rate of profit in non-financial activities was on average around 20% with a maximum of 27% compared with the 1997 peak. All these figures have come to light with the implosion of the subprime crisis.

Returning to the graph (figure 1) and to the breakdown of the period 1945-2003. We can see the ups and downs of the rate of profit. In the period 1947-77 there was a decline of 53%. Between 1985-97 there was a recovery of 30% and in the final phase to 2003 it fell 30%. Subsequently the decline continued until the crash of the last two years. The result is that over a period of 56 years the American economy has had an average fall in the rate of profit of 30%,

with all the economic consequences for capital and the daily existence of the working class. At the international level it has led to increased competition on all the strategically important markets and has produced the tragic phenomenon of war as the only 'solution' for the great powers in pursuit of their economic and strategic interests.

(See Figure 3 above: Profit Rates for Germany, the USA and Japan)

The operation of the law of the fall in the rate of profit in the USA is paralleled, even if the timing is slightly different, in all the major European countries (Britain, France and Germany) and this has opened up a period characterised by six factors.

- I. An economic attack on the labour force which in terms of length and intensity has no equal in the recent history of international capitalism. The intensified exploitation of labour power through increased productivity brought about by reducing the time and cost of production of commodities has not produced greater wealth or shorter hours for workers, rather it has done the opposite. In a capitalism of high organic composition and low rate of profit an increase in labour productivity implies lower wages, a longer working day, the dismantling of the welfare state and increased job insecurity, as a result of the increased rivalry between capitals pushed into the vortex of

- competition by the profits crisis.
2. The export of financial capital, the dispersal of production, the tireless search for labour markets where the cost of labour power is massively lower than domestic rates, all these have become a condition for the survival of capitalism in crisis. Entire areas have been taken by storm by capitals in search of a higher return from low cost labour markets. Eastern Europe has become one of those areas to which France, Germany and Italy have exported a good part of their manufacturing industry. South East Asia has provided the same function for Japan and lately also for China. The US colossus, though with feet of clay these days, has shifted to Asia and Africa in order to compete with China as well as to those areas of South America which still remain submissive to the imperialist role of Washington.
 3. Recourse to financialisation through super or extra profits, a systematic recourse to speculation and parasitic activities, the creation of fictitious capital, give a sense not only of the difficulty of valorising capital but even of the decadence of the entire international capitalist system.
 4. The present crisis has furthermore made it clear that we are not just dealing with a crisis of neo-liberalism but of the entire economic system which has reached the final phase of the third cycle of accumulation. The same bourgeois economists who were only yesterday expressing fears about the role of the State in the economy as the worst of all evils invoke it today as the only road to salvation. They have forgotten that it is not the form of the management of productive relations which can wipe out the system's contradictions but, on the contrary, it is the crisis of the system which from time to time reveals the limits of whatever type of management is in operation, whether it be liberal, neo-liberal, statist or a mixture of them, depending on the previous historical course pursued by capitalism.
 5. The need to do everything possible to seek out markets in primary products, above all in oil and natural gas. After the USSR collapsed we witnessed a process of imperialist re-composition which is still

going on where entire continents, strategic areas and regions with energy sources have become the flashpoints for confrontations between the great international predators. From Central Asia to Latin America, from the Middle East to Afghanistan, from the Niger Delta to Iraq energy problems with no hope of solution are developing in this imperialist re-alignment. At the same time, of course, there is also a vigorous struggle for hegemony over international currencies. At first, in the first decade of this century, the dollar reigned supreme. Oil was quoted and sold in dollars. Today Russia sells mainly in roubles, Iran and Venezuela also take euros and many Gulf countries are trying to put together a basket of currencies which would generally replace the dollar as the global oil currency. For several years there has been a growing opposition from other currencies to the dollars '*droit de seigneur*' on the world oil market. Until 1999 92% of international trade took place in dollars. Today it is only 40% with 40% in euros and the remaining 20% in the yen and renminbi.

6. The war factor, ever present in imperialism, is taking on a particularly acute character. No market, whether in financial, commercial, foreign exchange or primary products, is free of worrying tensions if not the actual sound of war. Death, destruction, and barbarism are the social and economic constants of the capitalist crisis. The 'soft power' of newly-elected president Obama comes as no surprise. Obama will close Guantanamo but how many other prisons of this type will remain in the USA and around the world under the control of the CIA and the US military? He offers his hand to Iran but proposes a renewed sanctions policy if the Tehran regime doesn't abandon its nuclear policy and prepare to accept oil agreements with USA plc. The US will only leave Iraq if the Baghdad government becomes capable of controlling the military situation and can produce and export oil in the same way as before the war, guaranteeing to the US a privileged partnership in terms of both supply and price. Otherwise American troops will remain in place and

at the best estimate this will be a permanent garrison of 40,000 men. For the Afghan-Pakistan axis things are clearer. The new administration not only has no intention of softening its stance, it has set aside tens of billions of dollars for the so-called war on terror in perfect continuity with the Bush administration. The aim is not to miss the last train to get the energy resources of Central Asia as the US openly competes with Russia and China. At the moment this is only a war of pipelines but it could, if only regionally, change into a real war as in Georgia, North Ossetia and Chechnya, etc. Add to this the renewed effort, as usual following the Bush line in Africa (Chad, Sudan and Nigeria), to combat the deep Chinese penetration, particularly over oil resources. Whatever is happening in these countries in terms of governmental crises, civil wars, clashes between armed groups (each supported by an imperialist interest) is a reproof to the US Government which, despite its changed appearance, is forced to pursue the same old imperialist policy, perhaps less obviously, undoubtedly with a less brutal appearance, but always operating in exactly the same context.

The Temporary Effect of the Counter-tendencies to the Falling Rate of Profit

An analysis of the American economy from the 2nd World War until today reveals two aspects: the first being that over the long term the law of the tendential fall in the rate of profit is continuous. The second is that the extent of the tendency depends on a series of counter-tendencies which, at best, are only effective in the short or medium term. They can momentarily interrupt the fall in the rate or slowdown the velocity of the fall, but since this is an integral part of the process of valorisation of capital itself, they can never reverse the line of march of the law itself.

While capital on the one hand brings into being the conditions for the fall in the average rate of profit, on the other it seeks to contain the consequences by a series of initiatives taken to devalue constant and variable capital. Thus productivity is increased without affecting, or hardly affecting, the high

organic composition of capital which is the basis of the fall in the rate of profit. In normal conditions productivity rises in line with the relative increase in constant capital compared to variable. But more technology signifies more investment in constant capital which replaces a more or less consistent share of the labour force. In other words, the variable capital diminishes more quickly than the rate of increase in constant capital. In this context productivity increases if the cost of the commodities produced is lower than in the previous economic phase, if in the overall total (that is, in the sum of constant and variable capital) there has been a reduction of both. Thus, while there is an increase in productivity, in the rate of exploitation and in the mass of profit, the organic composition of capital also rises and so creates the condition for the fall in the rate of profit. This explains why capital needs to increase productivity with as little as possible increase in the organic composition, in order to slow down or put a brake, in the short run, on the profits crisis. If a particular increase in constant capital allows an increase in the rate of exploitation, with the same number of workers at lower wages, then it is possible to raise the rate of profit. It goes without saying that if such operations remain limited to a single company then there will be very little visible impact on the average rate of profit, but if they are taken up by the big firms in more sectors of production then their impact can be more significant, even if sooner or later, once their mode of reorganising production becomes generalised as a result of local and international competition, the temporary advantages are annulled.

The Devaluation of Variable and Constant Capital

The counter-tendency par excellence concerns the cost of labour and operates by means of its affect on both direct and indirect wages. This is a long-established procedure but in recent times it has intensified enormously as a result of the low profit rates in all the advanced capitalist countries with their typically very high organic composition of capital. For twenty years the international proletariat has experienced a constant onslaught via the dismantling of the social state — in other words the lowering of indirect and deferred wages, albeit in a variety of ways and at different times. First in line are key components such as health, pensions and public finance

for schools and universities. Reducing unemployment and welfare insurance costs, mainly the state's contribution but also that of employers; deferring the retirement age, all these have been beneficial for capital. As for businesses, the gradual reduction of sick leave and the elimination of certain conditions from the rubric of official illnesses, count as a saving on indirect wages, again to the advantage of capital. In Italy the employers are trying to get the first three days of illness excluded from workers' entitlement to sick pay. One of the most odious practices is the blackmail of immigrant workers and anyone on short term contracts. There is a growing, not-so-veiled practice, of threatening anyone who complains about the flouting of health and safety regulations with the non-renewal of their contract.

As for pensions, the attempt to defer the retirement age has largely succeeded, thus reducing turnover of the workforce and freeing businesses from the need to draw up long term contracts, which would cost too much, and instead to draw up new, short term contracts based on lower wage rates and more flexible working. This is not to mention reduction in breaks and rest periods so that there is no disruption to the rhythm of exploitation. In some cases lunch breaks have been literally halved and time allowed for physiological needs drastically reduced. In metal engineering (vehicles) a favourite practice is the speed-up (more pieces, more half-finished ones, more commodities produced in the same unit of time) without, obviously, a corresponding wage increase. This is an example of the use of relative surplus value which does not alter the organic composition of capital and which, therefore, functions as an effective counter-tendency.

The main way of devaluing variable capital, however, is by a direct attack on wages, on the mass of wages as a whole in relation to the number of workers. Either the overall amount of real wages goes down while the number of workers remains the same, or else the increase in the wage bill is relatively lower than the increase in the number of employees — if ever this actually happens, because usually the opposite occurs — rather, that is, the number of workers diminishes absolutely as a result of the necessity to restructure which, in periods of crisis such as this one, imply

redundancies and unemployment.

The precise measures capital adopts to obtain this result are very simple. They all involve drastic cuts in real wages, usually with the help of the unions, in line with the tight margins of the system and the pressure of international competition. The huge plethora of short-term contracts, of temporary work, of newly drawn-up contracts, all have the common denominator of heightening insecurity for those who do the work. A labour force that is only available during the economic good times when it can be profitably exploited and conversely, which can be got rid of in economic downturns, is an optimum method of containing wage increases and lowering the costs of production. By law every new contract, whatever the specific details, is based on a wage reduction of up to 40% for the same amount of work in the same enterprise. The stubborn vicious circle into which the proletariat has fallen follows scientifically calculated rhythms. Once the old workers who had job security have reached retirement age and the old contracts have come to an end, almost every young worker enters the production process for a determinate (precarious) amount of time and at a lower, much lower, wage than previously. The new way of managing the relation between capital and labour, imposed by the ever-narrowing margins of profit realised by enterprises, has the immediate effect of devaluing variable capital without impacting on the increased organic composition of capital. Practices such as this have been in force for two decades, beginning with Japan, the USA and Britain in the 1980s, then, at the beginning of the Nineties, in Europe as well, covering every sector of real production and the main branches of the service sector.

One of the innumerable examples, from the automobile sector, is that of General Motors. Over forty years the biggest car producer in the world went from a rate of profit of 20% to 5% and then to the 1.5% of today, right in the middle of the economic crisis. Despite all the state interventions it has not been able to avoid bankruptcy proceedings. For years it survived on the world market by imposing short-term contracts on its workers, demanding the most extreme mobility inside and outside, with wages up to 40% lower than previously. That most important of American auto companies, the one which has dominated

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the world market for decades to the point where it was considered a symbol of American and international capitalism, is the paradigm of this crisis.

Throughout the Sixties and Seventies the Detroit company built its productive capacity on a very high organic composition of capital (more investment in constant capital than in variable, more machinery than labour power), thus depressing the profitability of its capital. Its rate of profit is as can be seen. This is what persuaded the company directors to withdraw a certain portion of capital from production and switch to speculation with the result, in the short term, of recuperating in the financial sphere what they had lost from real production. So long as the game of creating fictitious capital continued things went well, but as soon as the speculative bubble burst everything collapsed. The stock market losses were added to the losses from production, putting the colossus of American industry on the brink of ruin and possibly further. Sales have fallen by 56%. GM shares have depreciated enormously. From 46 dollars per share, the value dropped to 3 dollars in December 2008. In February 2009 there was a further depreciation of 23% which brought the share value down to 1.54%, a record historical low for the last 71 years, that is since the Great Depression. The financial arm of General Motors (GMAC) has lost almost the whole of its capitalisation on the Stock exchange. The official reports talk of a deficit of 28 billion dollars which GM is incapable of reimbursing. GM's request for refinancing from the State to the tune of 16.5 billion dollars, after already receiving 13.5 billion, opens up a sort of boundless vortex where every white blood cell is devoted to reviving production, or rather to putting the exploitation of labour power (which the crisis has called into question) back on its feet.

But the crisis is not only about statistics. Behind the figures lie the destinies of millions of workers and their families and the dreadful prospect of being out of work, without unemployment benefit, without a house and facing a future of long term poverty. The first step taken by GM was to immediately shut down five plants in the USA and four in Europe. The same American analysts fear that if GM fails completely, drawing the enormous network of firms dependent on GM into the drama, then

a million jobs would be lost. And if the other two majors in the automobile sector, Chrysler and Ford, were to go the same way then almost three million would be unemployed. Over the past year unemployment has risen by seven million, two million of them in the early months of 2009. Overall it's estimated that unemployment, including the so-called hidden unemployed, has already reached 16 million. The number of workers (in part ex) without medical insurance has gone from 40 to 47 million. This is a social catastrophe which is due to get worse by the end of the year. There hasn't been a cyclone or any other natural disaster to cause such disturbance, but only capitalism pushed to the edge of ruin by its insoluble contradictions.

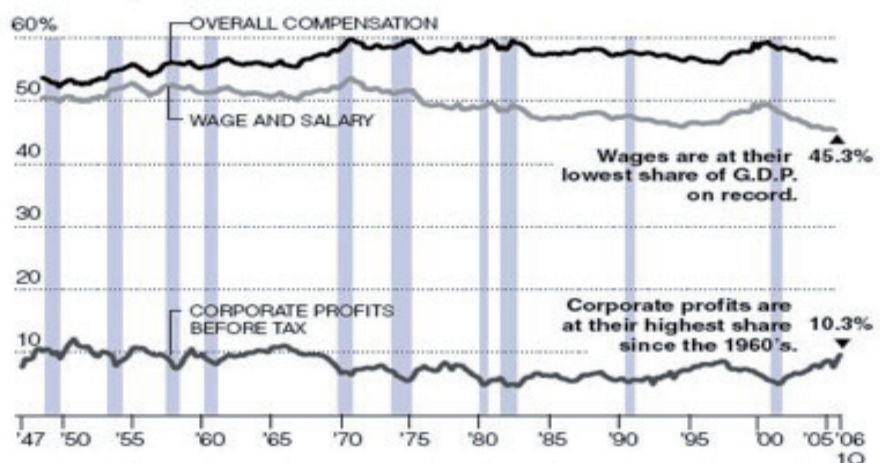
It is the same scenario in the rest of the American and international economy, from China to Russia, from Japan to Europe. In Italy the figures are lower only because the epicentre of the crisis is beyond the ocean and because the proportions are different, but even here the causes and mechanisms of the depression are the same. Fiat's sales have collapsed by 40%, its financial arm has lost all it could lose on the stock market and the value of its shares has fallen to an historic low. Without State intervention (at least 5-6 billion euros) in the form of incentives and cheap credit 600,000 workers, including those in the supply and distribution networks, would have lost their job. It is the same scenario in the rest of the American and international economy, from China to Russia, from Japan to Europe. In Italy the figures are lower only because the epicentre of the crisis is beyond the ocean and because the proportions are different, but even here the causes and mechanisms of the depression are the

same. Fiat's sales have collapsed by 40%, its financial arm has lost all it could lose on the stock market and the value of its shares has fallen to an historic low. Without state intervention (at least 5-6 billion euros) in the form of incentives and cheap credit 600,000 workers, including those in the supply and distribution networks, would have lost their jobs. Marchionne's¹ recent deal with Chrysler and the attempt to enter into the orbit of Opel, with a debt burden of €10 billion on its shoulders, is none other than the attempt to surmount the crisis by the process of concentration; a function also of the expectation that the already highly competitive global vehicle market will eventually be 'blocked' by the arrival, in a big way, of China and India. All of this does not signify the inglorious end of neo-liberalism, but the bankruptcy of capitalism, of its mode of producing and distributing wealth, of the perverse exacerbation of its insoluble contradictions.

This is the setting of all the policies to squeeze the most out of the workforce. Capital, with the 'responsible' collaboration of the unions, seeks first of all to delay new wage agreements for as long as possible. At times it is not only a question of months, but of years, before the parties manage to reach an agreement. When they do, capital tries to impose yet more sacrifices centred round deferring wage rises; or else a wage rise is conceded — but on the assumption that any increase will be within, or rather well reduced, by inflation and far below any increase in productivity.

*US Wages: Even before the credit crunch workers' share in GDP was declining
(Source: Dept. of Commerce; National Bureau of Economic Research)*

Employee Compensation and Corporate Profits as Share of G.D.P.
Quarterly figures; shaded areas show recessions



The other route capital takes to recover profit margins is that of lengthening the working day. Even though it carries on increasing relative surplus value, by increasing the productivity of labour through technological innovation, this only increases the mass of profit whilst, however, lowering the rate. Capital is thus also obliged to return to the pursuit of absolute surplus value, obtained by prolonging the working day. It is like an historical paradox, as if capitalism had gone back two centuries, except that it is the reality of modern capitalism which is imposing this situation.

At the present stage it is no longer enough to respond to the falling rate of profit by increasing the mass of capital. Capital also must attempt to add absolute surplus value to the relative surplus value, in a sort of ceaseless effort which never succeeds in overcoming the insoluble contradictions that the process of valorisation continually poses to its being. Now that it has at its disposal an increasingly feeble proletariat, divided politically as much as it is economically, with no job security and easily blackmailed, almost everywhere capital is beginning to impose a longer working day without any increase in wages. We are just at the beginning, but these kind of practices, even if they are unofficial or presented as makeshift responses to specific crisis situations, have already come into operation. The French experiment with the 35 hour week, which in any case is only nominal since it is hardly ever put into practice, was obtained at the expense of job security and the relinquishing of all opposition to its implementation. In the same vein, the German metalworkers' union (IGMetall) has agreed that in certain instances the working day can be prolonged for 10-12 hours in exchange for curtailment of layoffs. In Japan this has been the practice for about three decades even though it has never been made official either by the unions or the bosses. A worker in a Japanese factory, above all in those facing international competition, can work up to 10 or 12 hours a day, with only two Sundays off per month, for no extra pay or else for a derisory, almost zero amount. Amongst information technology workers in the USA today 31% work for more than 50 hours a week with an increase in production of 70%. In 1980 only 21% worked more than 50 hours. The same thing is happening in retail and trade, in catering, in metalworking and in manufacturing in

general. All these situations are just the beginning. In future we can only expect capital to reinforce its attacks on labour power.

One example of what is in store has been provided by the Australian prime minister. He proposes making strikes illegal throughout the economy, including services, and to make it legally possible to lay off anyone, whatever the moment and for whatever reason. In Italy the 'Sacconi law'² proposed by the government, besides providing for the possibility of prolonging the working week (42-45 hours, depending on circumstances), has concocted a way of neutralising strikes, in practice of banning them, in order to safeguard the interests of society as a whole, and ends up formulating the virtual strike — one where the workers can announce they are on strike without, however, abstaining from work although they would relinquish their payment for the day as if they really had not been at work. Paradoxical? Certainly. But there is no limit to the fantasies of capital in crisis.

The falling rate of profit even imposes the need to contain the depreciation of constant capital. Here the most significant aspect concerns the relation between constant capital and its material volume, even though the rate of exploitation remains the same. In normal conditions the increase in constant capital is faster than the increase in variable, determining the fall in the rate of profit. However if, thanks to a higher productivity of labour, the value of constant capital, even though it expands, grows proportionally less than overall mass of means of production put into operation by the same quantity of labour power, the fall in the rate can be slowed down and, in some cases and for a limited period, annulled. This is what has happened in the extraordinary case of the microprocessor 'revolution', where a higher rate of increase in productivity has been achieved because the increase in constant capital was proportionally lower than the mass of means of production operating in the productive system. Moreover, the opportunity created by this technological revolution to diversify production at the same time as using the same constant capital, makes for its depreciation which in turn affects the rate of profit. An example arose in the automobile field a few years ago with the collaboration between Fiat

and Ford. The two groups agreed to produce the Ka and the Panda in Poland. A single building, wages well below the domestic level and, thanks to diversified production, the same machinery was able to produce the chassis of both cars, saving at least 40% on the assembly costs.

Still on the subject of depreciation of constant capital, there is the attempt to reorganise stocks of raw materials and partly worked up goods. After forcing the withdrawal of job security on variable capital, on the basis of 'use the labour then throw it away', or rather by utilising labour power only at the key moments of production, a similar system has been brought in to reduce the costs of a part of constant capital. The introduction of *just in time*, that is the ordering of parts and raw materials only just at the moment they will be used in production, has transformed storage and maintenance costs as well as reducing the risk of stock deteriorating. Such innovations are certainly rational and work to reduce the costs of production, but they are the offspring of a compelling necessity: the need to contain the damage done by falling profits, in this case by a depreciating quota of constant capital — the circulating part. This kind of reorganisation of one of the factors of production is on a par with the moves to increase labour flexibility with its resulting job insecurity. For capital, raw materials and labour power are simply commodities that have to be employed in the production process at the minimum possible cost and — in order to remain competitive and keep up profitability — only at the times when they are instrumental in valorisation.

Reducing the cost of raw materials can also help to lower the value of constant capital. In the present epoch, where the domination of finance capital has reached its apex, the power relationship between the imperialist centres and the so-called periphery allows the first to impose absolutely unequal conditions on the second when it comes to the supply and payment for raw materials. An example of this is the politics of debt. Far from waving the flag of neo-liberalism, of free competition in a free market, the stronger and more aggressive the imperialists are the more they succeed in achieving their objective of inflicting commercial blackmail on the debtor countries. Primarily the blackmail consists of renegotiating the terms of

trade with these countries which are rich in raw materials but up to their necks in debt. They can either obtain new terms for the debt or prolong the repayment period, so long as they submit to a new series of conditions. First amongst them is the demand to clean up the public finances, an inevitable precursor to the privatisation of national assets. Privatisation allows the big international companies to take over or get a stake in key industries so that they have absolute control over the extraction and distribution of strategic raw materials without any government interference.

In the second place, the terms of the credit agreements usually give the creditors priority over supply with a corresponding reduction in purchase price. In other cases, when imperialism gains a monopoly over demand the effect is the same. When the pressure of blackmail is not enough it is outright force which determines access to the market and the price levels of raw materials. It is no accident that American imperialism, with its voracious network of national and international companies, with or without the support of the IMF and the UN, has brought the raw materials markets of Central and South America down to their lowest level. The US has unleashed a continuous series of wars for oil and there is nothing to suggest that this will not continue, in direct proportion to the sharpening of the national and international crisis, even if the Obama administration presents itself as different from the previous one, without, however, rejecting its 'imperial' objectives.

We can sum this all up easily by concluding that imperialist aggression towards international markets is directly proportional to the damage caused by the falling rate of profit. The lower the profits, the greater the necessity to resort, by means of blackmail or force, to a series of counter-measures which allow capitalism a higher organic composition and enable it to continue surviving its own contradictions. Thus the price is paid by the periphery and capitalism's weakest competitors and, above all, by the respective national and international proletariat.

There are countless examples for anyone, even the most unobservant, to note. There isn't a strategically important area without an armed US

presence, whether it be the Gulf, the Middle East, central Asia. Moreover, even if at the moment it is at a lower level, Europe, Russia and China also play a bellicose role. Wars over oil and for the control of raw materials have been going on for years without any solution. The present crisis cannot do anything else but exacerbate the contradictions at the heart of the capitalist social and productive system. As it is, social production is falling. GDP figures for the USA, Europe and Japan are well below zero. Entire sectors of production are on the brink of collapse. The credit system is writhing. The underclass is prevented from consuming. The international proletariat is subjected to attacks by capital on every possible front — work, higher exploitation, growing pauperisation — while speculation and parasitism continue to grow in parallel, despite all the appeals to financial morality, as if this devastating crisis of capitalism was reducible to the absence of regulations and the need for 'ethical' behaviour. This crisis demonstrates how far capitalism is decadent and how its gigantic contradictions are generated from within the system of production itself and its internal mechanisms for the valorisation of capital, and which, as a result of the falling rate of profit, are making the social and political system it has generated even more aggressive, not to say, ferocious.

Delocalisation of Production and Export of Financial Capital

As always, low profit rates have imposed a relative overproduction of capital on the system of production. In turn, the overproduction of capital presupposes an excess of commodities. This absolutely does not mean that too many goods have been produced and that there is an excess of productive capacity in relation to social needs, or even that too much wealth has been produced in the form of capital. All it means is that, within the narrow and contradictory relations of capitalist production, low profit rates lead to a growing mass of capital which cannot be invested productively. This increases the stock of unsold commodities as a result of the low level of demand which cannot absorb them at the existing price and the suppliers of raw materials, the factories, reduce production or else are forced to close down altogether. It follows that one way out of the crisis generated by the falling rate of profit, besides speculation, is to move

production abroad where the cost of raw materials, of infrastructure and, above all, labour power, are distinctly less. In the present epoch the export of capital with its accompanying delocalisation of production has developed in geometric sequence. From the serious crisis of the Seventies until today all the highly industrialised countries have been throwing everything at finding economic zones where the cost of labour power is as low as possible, where trade union protection is minimal or nonexistent. The more delocalisation succeeds in finding these conditions, the more efficacious is the antidote to the falling rate of profit.

Every advanced capitalist state, depending on its imperialist weight, seeks out its own zone, its own sphere of influence, in the search for an impoverished proletariat that is obliged to accept whatever wage is offered by the foreign companies. This is one aspect of globalisation. For a capital which is suffocating from lack of profits, the tearing down of customs barriers, the free circulation of capital and commodities, the possibility of decentralising production to wherever it likes and to have at its disposal, without any union constraints, an international proletariat whose cost is at least 10-15 times lower than at home, this is manna which no-one can turn down. Apart from imperialist giants, like the USA which has colonised the south of the American continent and parts of Asia, including China, or Japan which has taken the rest of Asia and China (40% of Chinese exports are labelled 'made in the USA' or 'made in Japan'), old Europe is no less involved. France continues to exploit its ex-colonies of the Maghreb and central-west Africa. Germany has positioned itself in the ex-soviet republics and little old Italy has managed to decentralise production beyond the Adriatic, to Romania, Bulgaria and Poland but also to Brazil and Argentina. As usual, this is not new. For more than a century decentralisation of production has taken place in the four corners of the world. However, from the 2nd World War until today, and with particular intensity over the last twenty years, the necessity to re-establish tolerable profit margins has made the race for low cost labour markets a question of life and death for economies with a high organic composition of capital.

Those who deny that the tendency for

the rate of profit to fall is a problem for modern capitalism, who argue that all these manifestations of counter-tendencies are absolutely nothing new and that, on the contrary, we are witnessing a new phase of economic expansion as exemplified by China, should remember that the *Asian economic miracle* is partly the result of this capitalist contradiction. China's extraordinary economic development, which has allowed Beijing to talk of an average rate of growth of 10% over the last fifteen years, is based on three factors. The relentless decentralising of production, accompanied by new technology, on the part of countries in crisis as a result of the low rate of profit, such as the USA, Japan, South Korea and, in part, western Europe. The arrival of enormous amounts of finance capital from the same countries, for the simple reason that in China they had, and still have, at their disposal a proletariat with extremely low wages, up to 80-90% lower; a working day which can go up to 14 hours long; and no union cover, either for health and safety or for job security. It is self-evident that in the long term development at this rate in China will come to a halt, as it did previously for the NIC (newly industrialised countries) in the Sixties and Seventies, not because capitalist progress has reached its apex, but because Chinese capitalism will be forced to suffer the same consequences as the highly industrialised countries are today experiencing. Growth in these countries cannot be equated with capitalism in its phase of expansion when there were new areas of development and economic growth to open up. On the contrary, these 'counter-tendency' experiences fall entirely within the decadent phase which afflicts international capital as a result of the tendency for the rate of profit to fall.

How to get out of this? Only by the revival of the class struggle under the guidance of the revolutionary party, which does not limit itself to economic demands, whether defensive or otherwise, even if these are the point of departure. Rather, the party will also begin to challenge the mechanisms that capital uses to safeguard its economic and political interests. To move against capital means first of all challenging the conditions of existence for capitalist relations of production: productive relations which are responsible for increasingly intense exploitation, for millions of workers suffering mortifying

unemployment, for the devastating economic crisis which accompanies its mode of creating wealth, which leads to warfare as a means of continuing the process of accumulation and extortion of surplus value which is at the basis of its existence. Otherwise the working class will vacillate as it tries to reconcile itself with the irreconcilable, with capital, which is opposed to the present and future interests of the proletariat.

Fabio Damen

Footnotes

1 Sergio Marchionne, Chief Executive of Fiat.
2 Maurizio Sacconi, Minister of Labour, Health and Social Policy. The draft bill presented to parliament on 29.2.09, amongst other things, aims to prevent strikes in 'essential services' and includes the requirement for public transport workers to abandon the right to strike in favour of the 'virtual strike'. Academic economists and legal experts in Italy have been toying with the concept of the 'virtual strike' for a decade or so. In the academic discussion the employers are supposed to sacrifice the income they would have lost if a real withdrawal of labour had gone ahead (by making a donation to charity, for example). Needless to say, the real-life, Sacconi version of the virtual, does not involve any loss for the employers.

The International Bureau for the Revolutionary Party becomes the Internationalist Communist Tendency

At a meeting of Bureau members representing Italy, Britain, Canada, the USA, France and Germany held in Milan in September it was agreed to recognise that the recent expansion of the Bureau beyond the original two founding members, the CWO and the PCInt, necessitated some organisational steps toward centralisation and better coordination of all the affiliates of the Bureau. This had been foreseen in our earliest documents and in a meeting in Parma in 2008 (see *A New Development for the IBRP in Revolutionary Perspectives* 47). The International Bureau will remain the title of the new coordinating committee whose membership has been expanded to reflect the affiliation of new groups (who will retain their local names) but the organisation as whole will now adopt the title the Internationalist Communist Tendency. A fuller report of the Milan meeting is on our website but those without internet access can request a printed version to be posted to them by writing to our postbox.

Public Meeting

**Saturday 23rd January 2010
Manchester**

Please check our website for details of our next meeting.

Time, venue and subject for discussion are yet to be finalised.

Learning from the Revolutionary Experience in Russia

Review: The Russian Revolution in Retreat, 1920-24 Soviet Workers and the New Communist Elite
by Simon Pirani
Oxford and New York:
Routledge, 2009,
289 pages, paperback, £26 or thereabouts

It is not a matter of this or that secondary question of tactics, but of the capacity for action of the proletariat, the strength to act, the will to power of socialism as such. In this Lenin and Trotsky and their friends were the first, those who went ahead as an example to the proletariat of the world; they are still the only ones up to now who can cry with Hutten! "I have dared!"

This is the essential and enduring in Bolshevik policy. In this sense theirs is the immortal historical service of having marched at the head of the international proletariat with the conquest of political power and the practical placing of the problem of the realisation of socialism, and of having advanced mightily the settlement of the score between capital and labour in the entire world. In Russia the problem could only be posed. It could not be solved in Russia. And in this sense the future everywhere belongs to "Bolshevism". Rosa Luxemburg *The Russian Revolution 1918* (emphasis in original)

Now that Simon Pirani's book has descended to paperback prices we are in a position to read it. And worth reading it is. Since the fall of the USSR and the opening of state archives we have been promised many new revelations about the dastardly deeds of the leaders of the Russian Communist Party (Bolshevik), to give it its 1918 title. In fact these have been largely banal and unastonishing as (to give but one example) the supposed revelations that Lenin sent instructions to shoot deserters during the war against the Whites were hardly secret before 1990.

What has been more revealing and much more interesting for revolutionaries trying to understand how the hopes aroused in 1917 were so quickly dashed has been the work of those historians who pioneered research into how the revolution worked (or didn't) from below. In this we are indebted now to a long list but Diane Koenker, Mary McAuley, Ronald Suny, William Rosenberg, Donald Raleigh and Steve Smith would be the most obvious trailblazers. Steve Smith was Pirani's PhD supervisor and his *Red Petrograd*, along with Alexander Rabinowitch's *The Bolsheviks Come to Power*, was the chief



inspiration for the CWO when we wrote our booklet 1917². Pirani shares much of the framework of the Communist Left. He agrees that the October Revolution of 1917 was a "defining event" which he views from a "socialist standpoint". The big and agonising question he wants to explain is why "within months of the October uprising, the revolution was in retreat from the aims of social liberation it had proclaimed". For him, and for us, socialism (or communism, as for Marx the terms were interchangeable) is based on Marx's definition of "a movement to recreate society by superceding (sic) alienated labour, private property and the state".

We also have to agree with Pirani that "the early spring of 1921 was a turning point for the Soviet state" as we have previously written precisely this in our article *Kronstadt 1921: Beginning of the Counter-revolution*³. Kronstadt gets little analysis in Pirani's account as he concentrates on Moscow and on the strike wave in the factories which preceded Kronstadt. What Pirani does is provide more evidence for the precise manner in which the revolution retreated after 1921. He quickly debunks the idea of right wing (Pipes and Figes) and some anarchist historians that a third revolution was a serious prospect in early 1921 but he does recognise that;

The tenth congress held in the first week of March while the Kronshtadt revolt was being put down, decided to replace grain requisitioning with a tax in kind. It also banned factions in the party and approved the further centralization of the apparatus; this, together with the suppression of Kronshtadt and the invasion of Georgia confirmed the authoritarian, apparatus-centred direction that the Soviet state was to take. [p.72 – spellings as original]

To which we would also add that the Third International's adoption (three months later)

of the united front with social democracy was also a retreat on the international stage every bit as serious as that at home. This was in effect an abandonment of a perspective of world revolution. As world revolution was the premise on which the October revolution was based it is not a mere theoretical matter. The primary cause of the failure of the revolution was its isolation. Not a single leading figure of the revolutionary movement in Europe, from Lenin to Luxemburg (as our quote above shows) doubted that the construction of socialism could not be completed in an isolated Russia. Pirani barely acknowledges this (although he is aware of it and accepts it). What he is interested in is not the "why?" of the revolution's failure but the "how?" and launches into his narrative. And in so doing he does us a service. For revolutionaries the Russian experience, for all its never-to-be-repeated uniqueness, does offer us one of the few chances to study how proletarian power will have to operate (or rather, not to operate).

The narrative is compelling. Pirani maintains that the Russian Communist Party (Bolshevik) (RCP (B) or the Bolsheviks as he insists on calling them because many workers still used that term, had a choice at this point with the civil war now over. They could either revive proletarian self-activity or they could further integrate party and state. They chose the latter. Starting at the Tenth Party Congress he shows how the party first tightened up on its own dissidents with Bukharin (himself a dissident in 1918) calling for a "single party with a single psychology and a single ideology". The former Left Communist also called for "greater centralization and militarization", with his clear targets being the Workers Opposition and the Democratic Centralists. Pirani then looks at the economic recovery under NEP which led to the Russian Communist party remoulding "its political relationship with the

working class” so that

A social contract evolved, under which workers would maintain discipline and improve labour productivity, and cede real decision-making power to the party – which in return would ensure a consistent improvement in living standards ... The aspirations of 1917 to collective, participatory democracy were abandoned, and the for a for working class political activity, the soviets and the unions, allocated restricted functions that involved implementing, rather than making decisions. [p.90]

Then, as workers were voting increasingly for non-party candidates in soviet elections (since all other political parties were either banned or not trusted by the workers) by way of protest (the RCP did not win majority in a single large Moscow factory in 1921), the RCP began to change the rules. Elections would be held only annually (as against quarterly and no-one spoke of the principle of recall) and non-party candidates could only be on the executive if they were approved by the RCP. This did not stop their election to the factory committees. Most of these non-party candidates were prepared to work with the RCP (many of them were themselves ex-Bolsheviks) in improving the economy and thus they increasingly accepted the dictatorship of the party. However the post-civil war RCP (B) did all it could to undermine these non-party communists since by this time many were convinced that only the party really represented the way forward. Lenin was one of them, arguing that the working class in Russia was now made up of “casual elements of all kinds” thus earning him the rebuke by the leader of the Worker’s Opposition, Shlyapnikov that “we will never have a different or “better” working class, and we need to be satisfied with the one we have”. At an open meeting of the RCP (B) party cell in the former Bromlei (now Red Proletarian) works an ex-Left SR, Comrade Beliaikov perceptively stated

Every day we slide further and further from what we gained in October. In Russia there’s no communism. The communists aren’t even in power: They sign the decrees, but non-communists write them. The decrees are aimed against the workers. [see p.165]

This was a curiously prescient anticipation of Lenin who realised much the same thing at the Eleventh Party Congress in 1922

... if we take that huge bureaucratic machine, that gigantic heap, we must ask; who is directing whom? I doubt very much whether it can be truthfully said that the Communists are directing that heap. To tell the truth they are not directing, they are being directed V.I. Lenin Collected Works Volume 33

Pirani does not quote this in his work, which is a pity as it shows that the problems

were seen by all. He is however right that it was one thing for communists to rail against bureaucratism meaning only waste, duplication and inefficiency, when in fact the problem was that the party was no longer the vanguard of the proletariat but the backbone of the state. Here there is a lacuna in Pirani’s case. In his introduction to the book he tells us that the retreat began “within months” of the October Revolution but his own account starts at the end of 1920. Thus when Pirani begins his narrative you feel as though there is something missing – the early errors of the Bolsheviks in not separating party and state, as well as the negative experience of the civil war on proletarian politics and the material fact that the Bolsheviks inherited a starving country which was to lose a further 8 million lives between 1918-21. These are material factors which Pirani acknowledges but largely dismisses to the detriment of his case.. Instead he charts a slow but steady decline after 1921. The workers still elect non-Bolsheviks to the factory committees, and in the period 1922-3 he tells us that “it would be hard to say that a bureaucratic ruling clique had taken shape”. But the process was unstoppable. By 1923 factory managers earned 40 - 50 times that of workers and bureaucrats not much less. Oppositionists inside the RCP were expelled and arrested and the failure of the various left communist groups from the Democratic Centrists and Workers Opposition to the more radical Workers Group and Workers Truth to win wider support was only a further indication of how the workers largely bought into a social contract in which the standard of living improved but so too did the partyocracy. As real wages continued to rise

The other side of the coin was the continuing erosion of working class participation in making decisions. Whereas in 1921 workers had gone to the soviet election meetings in good faith and elected non-party socialists, in 1923 they simply stayed away.

And the coup de grace was for the party to finally settle accounts with its own last dissidents in the Left Opposition (which was a disparate coalition of the followers of Trotsky and left communists like the Democratic Centralists). Pirani wisely also guides readers to the works of Graeme Gill on the social origins of Stalin’s dictatorship (see also our “Stalin and Stalinism” in *Internationalist Communist 22*) and thus completes his account of the stage by stage degeneration of the revolution. In doing so he has done us a great service. Our tendency, since its foundation in 1943, has always maintained that the party is the political leadership and guide of the proletarian revolution but that it cannot be either the state nor can it build socialism itself. The latter is the task of the working class as a whole which it does by controlling its own semi-statist institutions through class-wide bodies like workers councils. Pirani’s research not only amply confirms this framework it also shows that

the proletariat has the capacity to develop its own instruments for freedom. Pirani asks the question “could things have been different?” and wisely concludes that the material conditions (including the defeat of the workers’ revolutions outside Russia) meant that the outcome would have been little different in terms of the demise of the revolution. However, he does suggest that a different choice by the communists in 1921 as regards working class democracy would have at least have left a better legacy than the monolith of the “workers’ state” which remains today “a burdensome shibboleth for the workers’ movement”. Pirani’s last quote is the 1920 exhortation of Victor Serge

The pitiless logic of history seems hitherto to have left very little scope for the libertarian spirit in revolutions. That is because human freedom, which is the product of culture and of the raising of the level of consciousness, cannot be established by violence; [and yet] precisely the revolution is necessary to win – by force of arms – from the old world ... the possibility of an evolution ... to spontaneous order, to the free association of free workers, to anarchy. So it is all the more important throughout all these struggles to preserve the libertarian spirit.

Revolutionaries can only agree and Pirani’s work is another important piece of the jigsaw allowing us to understand the kind of society we want, and the dangers that we must face up to in order to obtain it.

Jock

Footnotes

1 Ulrich von Hutten (1488-1523) was a German humanist and poet who during the Reformation fought for the abolition of princes in the Holy Roman Empire and the secularisation of Church property.

2 Available at £3 from the group address (postage included).

3 See *Internationalist Communist 21* or <http://www.ibrp.org/en/articles/2006-03-01/1921-kronstadt-beginning-of-the-counter-revolution>

The Life of the Organisation

Life of the Organisation

The *Communist Workers' Organisation* was founded in 1975 and joined with the Internationalist Communist Party (Italy) to form the International Bureau for the Revolutionary Party in 1983. The Internationalist Communist Party was the only significant organisation to emerge in the Second World War (1943) condemning both sides as imperialist. It is the most significant organisation produced by the internationalist communist left which fought the degeneration of the Comintern in the 1920s as well as the process of "bolshesisation" (i.e. stalinism) imposed on the individual communist parties. In 2009, in recognition of the new elements that had joined the founding groups, the IBRP became the *Internationalist Communist Tendency*.

We are for the revolutionary party but we are not that Party. Nor are we the only basis for that party which will emerge from the workers' struggles of the future. Our aim is to be part of that process by participating in all the struggles of the class that we can with the aim of linking the immediate struggle of the class with its long term historic programme — communism.

Pamphlets

The Platform of the Internationalist Communist Tendency (formerly the International Bureau for the Revolutionary Party)

Revised English version (including postage in UK) 70p
or see <http://www.ibrp.org/en/platform>

Socialism or Barbarism

An Introduction to the Politics of the CWO £3

South Africa: The Last Fifteen Years OUT OF PRINT

How the end of apartheid would not benefit workers £4

1917

The full story of the only time the working class anywhere came to power. New version £3

Platform of the Committee of Intesa 1925 OUT OF PRINT

With an introduction explaining the fight of the founders of the Communist Party of Italy against the manoeuvres of Stalinism and the confusions of Gramsci £3

Trotsky, Trotskyism, Trotskyists

Examines the course of how Trotsky, who made such an enormous contribution to revolutionary practice, ended up giving his name to a movement which returned to the errors of Social Democracy £3

or go to <http://www.ibrp.org/en/articles/2000-10-01/trotsky-and-trotskyism>

Meetings

Public Meeting in Manchester on 23rd January 2010. See ad on p. 25

For next meeting go to www.ibrp.org

The Basic Positions on which the *International Communist Tendency* was founded are those established by the International Conferences which ended in the early 1980s. These are;

- * acceptance of the October Revolution as proletarian
- * recognition of the break with Social Democracy brought about by the First Two Congresses of the Third International
- * rejection without reservation of state capitalism and self-management
- * recognition of the Socialist and Communist Parties as bourgeois
- * rejection of all policies which subjects the proletariat to the national bourgeoisie
- * an orientation towards the organisation of revolutionaries recognising Marxist doctrine and methodology as proletarian science
- * recognition of international meetings as part of the work of debate among revolutionary groups for co-ordination of their active political interventions towards the class in the class struggle, with the aim of actively contributing to the process leading to the International Party of the Proletariat, the indispensable political organ for the political guidance of the revolutionary class movement and the proletarian power itself.

Extract from the Platform of the ICT

The Internationalist Communist Tendency

Britain

The *Communist Workers' Organisation* which produces *Revolutionary Perspectives* (a quarterly magazine) and *Aurora* (an agitational paper) BM CWO, London WC1N 3XX

Italy

Il Partito Comunista Internazionalista which produces *Battaglia Comunista* (a monthly paper) and *Prometeo* (a quarterly theoretical journal) CP 1753, 20101, Milano, Italy

Canada/USA

Groupe Internationaliste Ouvrier / Internationalist Workers Group which produces *Notes Internationalistes/Internationalist Notes* (quarterly) R.S. C.P. 173, Succ.C, Montreal, Quebec, Canada H2L 4K1

PO Box 14173, Madison, WI 53708-0173, USA

Germany

Gruppe Internationaler Sozialistinnen which produces *Sozialismus oder Barbarei* (to appear quarterly) GIS, c/o Rotes Antiquariat, Rungestrasse 20, 10179 Berlin, Germany

France

Bilan&Perspectives produces a quarterly journal of the same name BP 45, 13266, Marseille, Cedex 08, France

Subscribe

The CWO is not only against capital, it doesn't have any! We do not receive finance from any source other than through the sales of our press and the contributions of members and supporters. We once again thank everyone who has recently taken out or renewed subscriptions for their help with our work. This appeal is to those who find our analyses of current capitalist reality to be of value to a truly 'revolutionary perspective' to take out a subscription to keep our work going.

Revolutionary Perspectives Back Issues

- 1-5 are still available
- 6: Intern'l Class Struggle; Cap'lism Crisis; Labour; Par'litarism; German Communist Left; Deng; Imp'lism in Africa; Racism and Communism
- 7: Labour; US Welfare Cut; US in Asia; Palestinians; Italian Imp'lism in Albania; Against Wage Labour
- 8: October Revolution Today; UPS; ME War Process; Labour — Party of Intern'l Capital; SPD in WWI; Toothless Tigers
- 9: Nation or Class; Hard Labour; Asian Tigers; ME War Process; October Revolution Today; Letters; Indian Workers Appeal
- 10: Akers McNulty; Student Struggle; 150 Years of Struggle; KAPD and Nat'l Bolshevism; The Firing Line (1); The Gulf; The Great Game
- 11: Japan; New Deal; Indonesia; The Firing Line (2); Israel and US; Russia
- 12: Multin'ls; Imp'lism in Africa; Labour's Lost Jobs; US Social Sec'ty; Russian texts; Parliament; May '68
- 13: New Labour; Pinochet; Cuba; Brazil; Globalis'n; US and Iraq; 20 years after the Shah
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